The NATIONAL UNDERWRITER

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tage Set For Battle Over Bureau ole In Package Policy Filings

obert K. Syfert, chief of the rating ion of the Ohio department, in his ress before the annual meeting of onal Assn. of Independent Insur- prepared the stage for what is ected to be the red hot issue at forthcoming meeting of National n. of Insurance Commissioners— independents vs the bureaus on matter of package policy filings. Syfert made it clear that in his ion there is "an urgent need for IC to take some definite action on question at its meeting in New eans next month and that there uld be an early and voluntary ation put to the interminable liti- on on this fundamental question." was clear also from Mr. Syfert's arks that his leaning is to what is ned the "independent" side of the stion. The original subcommittee rt follows this line and the inde- dents are urging that this report be mitted to NAIC for approval. The bureaus are thoroughly in disagreement.

Mr. Syfert explained that the correct title of his group is "Subcommittee to Study the Statistical Rating and Filing Problems of Multiple Line Contracts," but it can more easily be referred to as the M-1 committee. He developed some of the background, noting that the committee was set up in 1956 and soon discovered that only a small part of the total problem was involved in the proper recording and reporting of package policy statistics, there being such other issues as:

—When should multiple line contracts be rated on their own base instead of the base of the component coverages?

—Can or should one rating bureau, presently licensed for less than all the coverages in a package, be licensed to file the entire package for its members and subscribers?

—Is the concurrent, or hand-in-hand, filing method both workable and lawful?

—On a three-bureau filing, what bureau affiliation must be maintained by a company?

—What are the rights of partial subscribers and independent filers in this area?

—Which of the three bureaus is entitled to a hearing on deviations when such deviations may cut across fire, casualty and inland marine lines in the contract?

—In states having separate fire and casualty rate regulatory statutes, which one should apply to a multiple line contract when the contract is on an all risk basis, making fire and casualty coverages indistinguishable from each other under the law?

—Must every bureau subscriber be bound to adopt every package policy developed and filed by that bureau?

Mr. Syfert explained that the M-1

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Competition Is Key Word At NAII Annual Meeting

Independents Hear All Phases Of This Topic Treated At Miami Beach

"Competition" was the password at the annual meeting last week at Miami Beach of National Assn. of Independent Insurers. The necessity of competition, regulation of competition, means of preserving competition, and other ramifications of this significant aspect of the insurance business were explored by nearly every speaker during the 2½ day program.

NAII is the great forum for the independent companies, offering a single meeting place for the mixing of viewpoint of all types of insurers. The commissioners' meetings bring forth the largest variety of companies, but NAII is running a close second. At Miami Beach the reinsurance companies and intermediaries were out in force to visit with their clients; agents handling special business, notably Lloyds, were on hand; 16 commissioners attended, as well as a wide variety of persons having direct insurance interests.

Perhaps the most notable visitor was Donald P. McHugh, chief counsel of the O'Mahoney subcommittee that is investigating insurance. Mr. McHugh had a room in the Fontaine-

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pect No. America Appeal Rate ecision In Wash.

orth America is expected to appeal decision in Thurston county ash.) superior court upholding the sal of Commissioner Sullivan to mit its independent fire rate fil- . The company will have 30 days hich to file notice of appeal to the supreme court after the final ment is entered.

he superior court refused North erica's petition for reversal of Com- ioner Sullivan's ruling that the shington code precludes independ- fire rate filings by bureau sub- ers.

orth America sought an order to ate the commissioner's order of e 30, 1958, which had rejected the ng; to direct the commissioner to rmine whether the proposed rates excessive, inadequate or unfairly criminatory; to direct the commis- er to accept the filing which was ntical to that of the rate bureau ess he finds the rates to be exces- , inadequate or unfairly discrim- tory, and to enjoin the bureau from minating North America's subscrib- hip.

Decision On Membership

he superior court ruled that there s no basis for adjudication of the al relationship between the bureau d its subscribers, and took no action North America's request that the eau be enjoined from terminating subscribership.

he court said the commissioner had challenged North America's rates, based his rejection of the filing the code definition of subscriber, ich the court said had been correctly interpreted to preclude independent filings of rates by bureau subscribers.

Ruling on the constitutional objections raised by North America, the court said the code was enacted in the exercise of police powers of the state.

Charge Direct Writing By Springfield-Monarch

New Hampshire Assn. of Insurance Agents has sent a special bulletin to members characterizing Springfield's proposed plan of merchandising through Monarch Life agents as direct writing.

The bulletin says that following a letter from the association to S. D. Parker, president of Springfield, seeking information on group plans, Richard W. Emerson, New England manager, was authorized to explain the group's program. Mr. Emerson allegedly told the agents that Monarch salesmen will be licensed for New England Ins. Co., a Springfield affiliate, in direct competition with Springfield agents and that they will receive less commission than the latter. New England Ins. Co. will own expirations, and do all detail work for the agents, which implies direct billing.

Plans Not Complete

Executives of Springfield told THE NATIONAL UNDERWRITER that plans for marketing fire and casualty lines through Monarch are far from complete and that certain statements in the bulletin are erroneous, particularly with respect to ownership of expirations. The group expects to develop selling plans compatible with the American agency system, much like other all lines insurers such as Travelers and Aetna Life group. Moreover, the group intends to meet with various agents' association representatives before finalizing merchandising plans, these executives stated.

Approve $170,000 Settlement Of $8 Million Hopps Suit

Superior court at Providence has approved a $170,000 compromise offer as a settlement in the $7,984,000 suit against Stewart B. Hopps for damages in connection with the failure of Rhode Island Ins. Co. The receiver is thus authorized to close out the case on this basis.

The case has been hanging fire for nearly five years. It was filed originally in Marin county, California, the legal residence of Stewart Hopps, by the California commissioner. Transfer was made to Rhode Island, the home state of the insurer, but California officials feel that Rhode Island officials have not exerted themselves to bring the matter to trial. There is the possibility that the state of California

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Schantz Is Named N. Y. Deputy Superintendent

Superintendent Wikler of New York has appointed Henry Schantz a deputy superintendent. Mr. Schantz has taken over responsibility for direction of a number of research projects and supervision of the department's public relations activity. He also acts as a presiding officer at department hearings.

He joined the department as an assistant deputy superintendent in 1957 and has been an acting deputy for some time.

F. S. Wilson, executive vice-president of Stewart-Smith (Ill.), looks on as James J. Mitchell (right), Stewart-Smith's aviation vice-president, presents a check on behalf of Lloyds for $1,764,000 to B. W. Roos, vice-president of Associated Agencies of Chicago. Mr. Roos received the payment for the Seaboard & Western Airlines super constellation loss which occured Nov. 10 at Idlewild Airport, New York.

Puts Assigned Risk Problem: Have To Be Rated As A Separate Class

How to get adequate rates for assigned risks is a serious problem that must be solved, Elden W. Day, resident secretary of Lumbermens Mutual Casualty at New York, told Mutual Insurance Technical Conference at Boston.

Mr. Day does not believe that surcharges offer a solution, but that only by making assigned risks a separate class can the insurers get enough premium to make the writing of a rising volume of such risks tolerable. In fact, he thinks that the sooner surcharges are removed from the plans the better.

Assigned risks are a separate and distinct class, he said. Regardless of the reasons for the populations of the plans, the fact remains that they develop high loss ratios. The plans operate in the public interest. If the insurance business is to furnish its facilities to practically every risk that comes along, regardless of classification and without investigation, and forego practically all of its underwriting rights, higher loss ratios are inevitable. If assignment procedures cannot be, practically, cut back, and the business and public cannot do without such procedures, then sound rate making practices call for making assigned risks a classification.

Experience Is Available

Mr. Day noted that private passenger experience now is broken down between clean and surcharged business, so that practically all experience is available for inclusion in rate level. Such inclusion is the first step to adequate rates. Also, unless the clean risk is gotten at and the charges increased on that class, a satisfactory solution is not possible.

He conceded that it is not going to be easy to sell this proposition to the states. Some states and part of the insurance business think rates on clean risks cannot be increased.

If it is impossible to get this system introduced in all states, the only alternative will be to include the experience in rate level, adjust existing surcharges upward, and have it understood that the voluntary business is subsidizing the assigned risk business. However, Mr. Day thinks a separate classification is worth an all-out effort.

If states are realistic, he said, and will recognize that assigned risks, or risks which use the plans to get insurance swiftly and surely, are in every sense a separate classification, there should be no difficulty in getting approval of a system which includes a reasonable differential for assigned risks.

He thinks the business would not object to eliminating surcharges and having AR risks filed by insurers. National Assn. of Independent Insurers

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Eight Named In Changes

Kirk Leaves Zurich To Set Up Consulting Firm At Chicago

Carl L. Kirk, deputy U. S. manager of Zurich and vice-president and secretary of Zurich Life and American Guarantee, is leaving that organization, Jan. 1 to establish a consulting actuarial firm at 135 South La-Salle Street, Chicago.

Carl L. Kirk

Mr. Kirk has been associated with top management of Zurich for 21 years. He joined the organization as assistant statistician in 1921, became actuary in 1928, assistant U. S. manager in 1937, and deputy U.S. manager in 1950. He is opening an office as a consulting actuary, offering advice on insurance company management problems, taxes, reinsurance, state insurance department matters, and purchase or merger transactions; also on pension plans and insurance requirements of companies in any line of business. He is being retained by Zurich as a consultant.

Mr. Kirk is well acquainted with company, bureau and department leaders, and has served on important committees of National Bureau, Assn. of Casualty & Surety companies and National Assn. of Independent Insurers.

Other staff changes of Zurich include: Charles F. Baier, controller, will relinquish his present duties to occupy the newly created position of management advisor. Mr. Baier has been with Zurich for 29 years. He joined the head office staff in 1929 as assistant to the chief accountant, became office manager in 1937, and controller in 1938.

Robert H. Gowens, superintendent of the accounts department, has been promoted to assistant treasurer and will be responsible not only for general accounting, but also for taxes, payroll, assets custody, and similar matters. W. R. Ryan will continue to supervise agency accounting.

Chester J. Toren, assistant secretary, will be in charge of reinsurance and board reports.

Paul L. Kohn, assistant secretary, is being transferred from New York to Chicago to take charge of casualty underwriting and history.

Paul R. Brislen, assistant secretary, is being transferred from Chicago to New York, where he will supervise all underwriting, including fire and boiler and machinery, as well as history operations, in the metropolitan and eastern departments.

Roland P. Richards, manager of the eastern claim department, is being promoted to assistant secretary and will supervise all departments except those assigned to Mr. Brislen.

S. W. Freeman, superintendent of the eastern claim department, is promoted to department manager.

Edward M. Shepard, assistant superintendent of the eastern claim department, is promoted to assistant claim manager.

Mutuals Deal With Aspects Of The Auto Problem: Rates, Drivers And Awards

Insurance rate making is a complex special type of economic forecasting, rather than a mere bookkeeping process that can be tuned in mechanically to produce a needed rate level, Joseph M. Muir, general manager of Mutual Insurance Rating Bureau, told the annual Mutual Insurance Technical Conference in Boston. Rating represents a compromise on the basis of evidence and may give conflicting indications, Mr. Muir said. The purpose of rate changes is to provide the funds insurers need to meet future losses out of future income, and not to recoup losses incurred in past operations. It is vital for the business to achieve wider public understanding of these and related facts, since there is increasing demand that it subject rate making techniques to public opinion.

A minority of motorists is giving the insurers a headache, Paul S. Wise, of American Mutual Insurance Alliance, told the conference. He predicted that pressure for compulsory laws and unsatisfied judgment funds will be greater in 1959 than it has been for years.

Dr. Hans Zeisel, University of Chicago professor of law and sociology, pointed out that higher awards for auto injuries are given by juries in large eastern and far western cities.

Auto liability has become a social form of insurance, Mr. Muir said in his talk. The driving public has much more than an academic interest in its price. In the past it has been usual to handle filings for rate changes either by correspondence or conference with state authorities. In only a few states such as Virginia, Louisiana, North Carolina, Texas and Massachusetts have formal public rate hearings been common. But in the past 18 months there has been a marked change in the attitude of authorities toward insurance prices and pricing techniques, which represents a complete divergence from the customary approval process. There have been a number of formal hearings on rate filings, and some litigation.

However, he added, a commissioner of high caliber who recognizes and accepts his responsibility to the public and to insurers creates an atmosphere in which the business will fare satisfactorily and healthy public relations will be promoted.

Among public misconceptions of automobile insurance, Mr. Muir listed the belief that rates should follow a pattern consistent with traffic accident-fatality results. Publications of motor vehicle statistics listing deaths

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Security Life Is Acquiring Blue Ridge

Security Life & Trust of Charlotte is acquiring Blue Ridge of Shelby, N. C., through an exchange of 60,000 outstanding shares of the latter for 36,000 shares of Security Life.

Blue Ridge, which has assets of more than $3.8 million and capital and surplus of approximately $1.5 million, was founded in 1944 and writes multiple line property and casualty insurance in the Carolinas, Kentucky, Tennessee, Georgia, Virginia and Florida through 400 agents. The company will continue as an independent operation under present management. Harry L. Dalton is chairman and D. S. Carpenter is president. The home office will be moved to Charlotte, according to Tully Blair, president of Security Life.

Security Life, which has been writing individual life, home protection for savings and loan associations, group creditor insurance and group life, A&S, hospital and major medical coverage, will now offer all forms of property protection, Mr. Blair stated.

American Re Plans Increase In Stock

American Re has declared a 25% stock dividend in additon to a cash dividend of 70 cents a share consisting of the regular quarterly payment of 25 cents an extra of 45 cents. The cash and dividend is payable Dec. 15 to holders of record Dec. 5.

The stock dividend, which is subject to approval by stockholders of an increase of 800,000 to 1 million shares, is payable Jan. 26 to holders of record Jan. 9. After the payment of the stock dividend, the company plans to pay quarterly dividends of 30 cents a share, which would be equivalent to an annual rate of $1.50 on presently outstanding shares.

No fractional shares or scrip certificates will be issued in connection with the stock dividend. Stockholders of record, who hold a number of shares not evenly divisible by four, can elect to sell a fractional interest for cash or to purchase an additional fraction to comprise a full share.

Study Candidates For Michigan Commissioner

LANSING—Gov. Williams has been conferring with several representatives of the industry over possible candidates for insurance commissioner. Commissioner Navarre, who has occupied the office for seven years, has resigned, effective Dec. 31.

Three choices were submitted by the all-industry committee headed by John Panchuck, former departmental legal advisor and now an executive of Wolverine and Federal Life & Casualty. One possibility for the job is Gerald Davies of Pigeon, long active in Democratic politics and a campaign worker for State Treasurer Brown. Mr. Panchuk indicated that Mr. Davies was a preference of the agency segment on the all-industry committee. He also mentioned as "interested" in the position two department examiners and two lawyers.

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Water, Pet Damage Out Of PPF, New Pay Plan Adopted

NEW YORK—A new deferred premium payment plan for inland marine coverages, elimination of water damage from the personal property floater along with pet damage, and withdrawal of the $25 deductible PPF have been filed by Inland Marine Insurance Bureau countrywide.

As of Monday all jurisdictions had approved the PPF filings reflecting these changes, effective Jan. 1, except Arkansas, Hawaii, Iowa, Kansas, New Hampshire, New Jersey, New York, Puerto Rico, Tennessee, Texas and Wisconsin.

The deferred premium plan was authorized everywhere except Arkansas, Hawaii, Iowa, Kansas, Kentucky, Louisiana, New Hampshire, New Jersey, New York, Ohio, Tennessee, Wisconsin and Wyoming.

Other changes include liberalization of the $50 deductible PPF clause. This brings it into agreement with homeowners 5. One liberalization is that the deductible does not apply to theft. Also, IMIB for the first time is making it possible for insured to buy $750 additional coverage on unscheduled jewelry, watches and furs. This is on top of the present limit of $250, which brings the maximum to $1,000.

Many of the PPF changes are to bring it into accord with the new homeowners 5. This is true of boat coverage, the exclusion of flood and pet damage, the $50 deductible clause liberalization, and the $750 addition to unscheduled articles. On personal articles floaters, the cancellation provisions are modified to coincide with those of homeowners 5. This latter change has been approved wherever the bureau is licensed except Hawaii, New York and Tennessee.

Variation In New York City

Several of the changes in PPF are not applicable to New York metropolitan, where a deductible is mandatory ($50 or $100), the $50 deductible provision is not broadened to cover theft, etc. However, the $750 addi-

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Kroll Head Of New Life Co. In Ohio

CINCINNATI — North American Equitable Life Assurance, headed by Mark H. Kroll, who has been prominent in other insurance activities here, has been licensed by the Ohio department and is offering to the public 950,000 shares of $2 par value at $10 per share. Authorized capital is 1 million shares and 50,000 shares are now outstanding.

Mr. Kroll, who is president of the new company, has been active in the insurance business since 1945. He heads three other companies—Insurance Corp. of America, Michigan Surety and Pan American Casualty and has also had control of Marquette Casualty and Highway Ins. Co., which he has disposed of. He is also president of Wilmark agency and Agency Corp. of America here. Nelson Lancione, Columbus attorney, is secretary and treasurer of the new company.

Home office of North American Equitable will be with the other Kroll companies at 2330 Victory Parkway here. The company expects to start writing business in Ohio soon and eventually to enter other states.

Michigan Blue Cross To Raise Rates 18.5%

LANSING, MICH.—Facing insolvency again after a $2 million loss during the past year, Michigan Hospital Service (Blue Cross) has been permitted to increase rates enough to augment combined Blue Cross-Blue Shield income by an average of 18.5% according to filings approved by Commissioner Navarre.

The increases for Blue Cross will range from 98 cents to $1.30 per month for coverage of individuals and from $1.92 to $2.67 for full family coverage, it was stated, with a wide range of variations based on the particular coverage of the subscriber.

The increases become effective Jan. 1 and at the same time two new "limited" group hospital care contracts are to be offered. One will provide hospital service on a $50 deductible basis and the other, a so-called "economy" contract will limit coverage for room and board to $14 per day and a limit of 30 days' hospitalization, compared with 120 days under the standard comprehensive contract.

Increases for Michigan Medical Service (Blue Shield) subscribers range from three cents per month for single subscribers with a basic $2,500 income ceiling contract to 67 cents per month for those with full family coverage under a basic $5,000 income ceiling contract.

Mention Agent To Succeed Hugh Earle In Oregon

Gov.-elect Mark Hatfield has made no announcement as to a successor to Commissioner Hugh H. Earle of Oregon, who is certain to be replaced.

Among those receiving mention as a possibility for commissioner is Keith Rhodes, Lebanon agent and past president of Oregon Assn. of Insurance Agents.

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Joseph D. Shuck, state agency supervisor for New York, has been named agency director for west Pennsylvania for **State Farm Mutual.**

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Farmers Mutual Fire of Dowagiac, Mich., will change its name to **Dowagiac Mutual** pending approval of the Michigan department.

NAIA Names Smick Consulting Actuary

J. J. Smick of New York City has been named consulting actuary of National Assn. of Insurance Agents. He will help to coordinate research programs already undertaken by the association and his duties will include analysis of data on such programs as the agency cost surveys and the cancellation survey already conducted by NAIA.

Mr. Smick is a fellow of Casualty Actuarial Society and from 1929 to 1946 was with National Council on Compensation Insurance and supervised much of its work in connection with compensation rates and rating problems for the various states. As a member of the council's actuarial staff he worked with committees and helped to develop rate making and rating programs including experience and retrospective rating.

For the past several years Mr. Smick has worked as an independent consultant to Atomic Energy Commission as well as many private organizations.

odsall Is New Zealand ssistant U. S. Manager

Elwood Godsall, secretary of the U.S. d office at San Francisco of New Zealand, has been promoted to assistant manager of that office.

Elwood Godsall

He entered insurance in 1937, and after managing an independent adjusting firm in Salt Lake City, he became special agent in San Francisco for St. Paul F.&M. in 1943. After war service, he came Pacific coast superintendent of e and marine losses for St. Paul.

Mr. Godsall went into local agency rk, returning to the company side in 53 as Pacific coast loss and claims anager for American. He joined New aland as secretary last year.

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ame NAIA Committees

National Assn. of Insurance Agents s appointed Josiah O. Hatch of Savnah, Ga., and Harry F. LeCrenier of West Palm Beach as chairmen the casualty and fire safety comittees, respectively. All other comittee chairmen were reappointed.

New committee members are: Fiance—George Timm, Kenosha, Wis.; cident prevention—Edwin M. Clark Tallahassee, Stanley W. Greaves of ver Edge, N. J., John Hunt of Monett, o., and Charles Traubel of Glendale, riz; agency management—H. M. Farw Jr. of Red Bank N. J., Dan Gibson Plymouth, Ind., Frank C. Kerestesi Las Vegas, Rosser Long of Fayettele, W. Va., and Frank P. Middleton Phoenix; casualty—William R. Lee Chehalis, Wash., Roy H. MacBean East Cranford, N. J., Donald W. rin of Chicago, and Curtis G. Shatk of Juneau.

Also, education—J. J. Banks of Winld, Kan., Boyce Clarke of Miles ty, Mont., E. S. Cowles III of Hartd, John W. Hemphill of Painesville, Charles Lott, Greeley, Colo., and chard Hubbard of Middlebury, .; fidelity and surely—Malcolm Dunlap of Auburn, Me., and Henry Franz of Clifton, N.J.; fire safety—oren V. Bryant of Eugene, Ore., Sidey Mang of Sydney, N.Y., Joseph J. Toole of St. Louis, and Harry J. Parsh of Tulsa; local board and memberhip—Leonard I. Bartlett of Modesto, l., Raymond F. Blake of Portsmouth, H., William G. DeMouy of Mobile, Max Hursh of Riverton, Wyo., oseph L. B. Murray of Washington, d Alma P. Sherman of Schenectady.

Also, metropolitan and large lines—awrence R. Fisher of Chicago and elvin J. Miller of Fort Worth; property—John Batenburg of Racine, Edard R. Ladd of Rockland, Me., Lee leyer of Meridian, Miss., and S. H. armer of Memphis; rural and small nes—J. Vernon Coblentz of Fredick, Md., Robert B. Estlick of Colmbia City, Ind., Sutton Hice of York, eb., Robert Wangsness of Garretson, D., N. Walker Wilson of Ocala, Fla.

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arrisburg Surety Assn. lects Curtis President

Dalton Curtis, Employers Liability, s been elected president of Harrisrg Casualty & Surety Assn. Also ected are: Frank Crowley, Aetna sualty, vice-president; Carl C. Gingch, U.S.F.&G., secretary, and Camn Cherry, National Union, treasurer.

Marine Invoice Value Clause Held Invalid

Shippers, consignees and underwriters of ocean cargoes were affected by a recent decision of the U. S. ninth appeals court at San Francisco, which reversed a district court ruling in Otis, McAllister & Co. vs Skibs A/S Marie Bakke. The appeals court held invalid a bill of lading clause providing for payment of cargo claims on the basis of the shipper's invoice plus charges, and stated that such claims should be paid instead on the basis of sound market value at destination where the latter is greater.

The case began in 1952 when the motorship Marie Bakke delivered a shipment of damaged coffee to Otis, McAllister & Co. at San Francisco. Claim was filed against the steamship company for $8,600, based upon the market value. The steamship company admitted liability but contended that the importer could recover only $5,-100 because of an 'invoice value clause' in the bill of lading.

Otis, McAllister and its cargo underwriters, Atlantic Mutual, decided to test the validity of the clause, and suit was filed. The federal district court decided in favor of the vessel owner and held the clause valid.

The appellate court's ruling is based upon the carriage of goods by sea act, a federal statute governing ocean bills of lading in foreign trade, which declares void any provisions in such a bill of lading "lessening" the carrier's liability otherwise than as provided in the act itself. Since there is no statutory provision for measuring liability by invoice value, the court concluded that the clause was an attempt to lessen liability in a manner not permitted by the act and was therefore void.

Clause Is Outlawed

The clause involved in the Marie Bakke litigation is the standard invoice value clause appearing, with slight variations, in virtually all ocean bills of lading now in use. The appeals court decision would appear to outlaw all such clauses in bills of lading subject to the act, and to establish market value as the general basis for adjusting ocean carrier claims. The new rule would work to the advantage of cargo interests and their underwriters, as destination market values usually exceed the cost insurance freight price. However, since the decision was rendered, the court of appeals, upon a motion filed by the insurer, issued an order staying issuance of mandate pending the filing, consideration and disposition of a petition for certiorari, providing such petition is filed with the U. S. Supreme Court on or before Dec. 5.

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John E. Atkinson has joined Indiana Ins. Co. and Consolidated Ins. Co. as policy forms manager.

Frank Blackford New Mich. Commissioner

LANSING—Frank Blackford, executive secretary of the state employes retirement system, Tuesday was appointed Michigan insurance commissioner by Gov. Williams. He will take office Jan. 1 upon the retirement of Joseph A. Navarre, who resigned several weeks ago with a year to go on his second four-year term. Mr. Navarre was guest of honor at a farewell dinner given by the insurance industry Tuesday night.

Mr. Blackford, 39, served as administrative assistant to Gov. Williams and later as chairman of the state liquor control commission before going to the employes retirement system. He entered state government from the faculty of Michigan State University where he was an instructor in the political science department.

The appointment is subject to confirmation by the senate.

(Earlier story on page 2.)

Asks $3 Surcharge For 1959 Automobile Glass

The casualty division of Louisiana Rating Commission will hold up approval, pending further consideration, of a filing by National Automobile Underwriters Assn. for a $3 surcharge on all automobiles in which glass replacement costs in excess of $100 per item, applicable to 1959 automobiles only.

At a commission hearing, several objections were made to the filing. Principal objections were that the filing, though a step in the right direction, did not begin to answer the glass breakage problem. The increase was considered inadequate, and, it was said, discriminatory against new car owners.

Views Benefit As Small

One view was that the $3 would be of negligible benefit to the average company, and that a mandatory $25 to $50 deductible without rate change might be more effective.

America Fore, Loyalty Combine Offices In S.F.

Loyalty group has completed its move from 220 Bush street to the new America Fore Loyalty group building at 160 Pine street, San Francisco. This brought together all personnel and operating facilities of the Pacific department headquarters, and augmented the America Fore staff of 553 with the 365 person staff of the Loyalty force. America Fore operations are under the supervision of William E. Matchett vice-presi and manager; the Loyalty compa Pacific department continues to headed by Howard D. Vore, vice-p ident and manager.

The new arrangement, compl with a minimum disruption of w has operating advantages for the co panies and producers. America F Loyalty's Pacific department superv activities in Arizona, California, vada, Utah, Oregon, Washington, I ho, Montana, Alaska, Hawaii British Columbia. It serves 10, agents and brokers, has a total of field men traveling the territory, operates 29 claims offices.

N.Y. Board Reports Oct. Losses Down, Amount Up

New York Board reports fire, tended coverage and sprinkler lo for October as compared with same month in 1957 decreased number 5.6% to 677 but increased amount 5.5% to $2,107,873. Des this, losses for the first 10 months 1958 have increased in number 31 to 9,693 but have decreased in amo 1.04% to $22,727,064.

Rocky Mountain CPCUs Hold Conferment, Seminar

Two received CPCU designations the annual conferment and seminar Rocky Mountain chapter of CPCU Denver. Conferring the designation Mark Taggart, Boulder, and Gerard TeBockhorst of Denver was L. Al Beck of Denver.

Guest speaker at the luncheon w Jerome Kesselman, professor of U versity of Denver school of busine who spoke on "The Ethics of a Pr fession." Two panel discussions w held—one on the new homeown policies, and the other on insuran problems in leases. W. Bret Ke Steel City Investment Co. of Pueb and William R. Kersten, buyer of V Schaack & Co. of Denver, discuss leases, and panelists covering homeowners forms were: Henry Fu long, North America; Edward Fish U.S.F.&G., and Gerald M. Shea, Em ployers group.

Will Discuss Problems, Prospects

Bert W. Levit, insurance attorn will discuss "Insurance Problems a Prospects," at the semi-annual lunc eon meeting of Society of Insuran Brokers in San Francisco, Dec. 9, the Hotel Mark Hopkins.

Mr. Levit has been mentioned as possible new California commission by Governor-elect Edmund G. Brow

Mass. Brokers Protest Auto Commission Cut

Insurance Brokers Assn. of Massachusetts, in stating their position on the recently reduced auto PHD commission, said they did not like it, thought it was unfair, and are particularly disturbed by the manner in which it was handled.

In a statement in its monthly publication, the association stated that the reduction in premiums combined with commission cuts is especially punitive in Massachusetts because there is a far lower rate of commission for compulsory auto (BI) there than in other sections of the country, and it has been an unwritten understanding that auto PHD commissions would help average out the low income on compulsory. Massachusetts auto insurance is not like the rest of the country, and the companies should recognize this in making allowances for auto PHD commissions, brokers state.

The association pointed out that in the case of the recent auto PHD five point commission reduction announced by some companies, the broker is receiving 20% less income on a lower premium. This lowers his net profit by one-third or more and is very serious at a time when people in other businesses are receiving inflationary increases in income.

Particularly disturbing to the brokers was the manner in which it was handled. The press release by National Automobile Underwriters Assn. announcing the reduction stated that "this does not necessarily mean a reduction in commissions." This, states the association, is at best a half-truth and has resulted in companies being praised for reducing the premium in auto PHD and brokers receiving no credit from the customer for taking a cut in their income.

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Nationwide Mutual Names Four

Nationwide Mutual has promoted Warren T. Yeatts from group representative to group manager at Roanoke, Va. He had previously held a similar post at Raleigh. Arch R. Turner has been named group representative at Columbus, O., and James A. Markle at Charleston, W. Va.

Navarre To Headline Ark. Agents' Midyear

Commissioner Joseph A. Navarre of Michigan will be the featured speaker at the midyear meeting of Arkansas Assn. of Insurance Agents, Dec. 8-9, at the Lafayette Hotel in Little Rock. Mr. Navarre will speak at the general convention session Monday afternoon, and he will discuss the Senate investigation of state regulation.

The afternoon session will also feature a panel on automobile liability problems entitled "The Automobile—Where Do We Go?" Panelists will be Dave R. McKown, Oklahoma City; Cecil Cleavenger, Fort Smith, and Sterle Pollard, U.S.F.&G., Memphis.

Much of the two-day program will be devoted to business sessions since the meeting precedes the reconvening of the state legislature by a month. The association is marshaling support for the state's proposed insurance code which is to be presented to the legislature. A special committee will report on the movement for compulsory auto coverage and will suggest alternative measures for it.

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Wisconsin Surety Assn. Names Schmidt At Annual

Chester F. Schmidt, U.S.F.&G., was elected president of Surety Assn. of Wis., at the recent annual meeting in Milwaukee. A. J. Goddard, Aetna Casualty, was advanced to vice-president and Paul W. Wolfgram, Victor A. Penn. Co., was named secretary-treasurer.

Members of the executive committee are: Leonard A. Buck, New Amsterdam; Stanley Lynn, Employers Liability; Joseph J. Hayes, Firemen's Fund, and Walter G. Bogk, Fidelity & Casualty of New York. Mr. Schmidt is also a member of the committee.

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Pearl Advances Kemmler

Pearl-Monarch group has appointed Norman Kemmler manager of the Omaha service office. He succeeds L. W. Clark, who is retiring Dec. 1.

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Pacific Employers' Vets To Meet

"Montgomery Pioneers," a social and honorary society recognizing 15 or more years continuous service with Pacific Employers group, will install 16 new members at the annual meeting in Los Angeles. Following an informal reception and luncheon, Chairman Victor Montgomery of Pacific Employers will present emblems and gifts honoring 15, 20 and 25 years of employment with the group.

North America Salutes Agents With Yule Musi

North America will again salute in-dependent agents on Christmas e through the "Christmas Sing Wi Bing" CBS radio program. The pr gram will star Bing Crosby, who w be joined by his wife Kathryn Gra in their first professional appearan together.

Other highlights of the broadca which has been sponsored by Nor America since 1955, will be a pe formance by the Vatican choir. Th North America Employes chorus wi be heard, as will choruses from Ca ada, Australia, The Hague, Alask Cannes, Hawaii, Salt Lake City an New York. Accompanying the Crosby will be the Paul Weston orchestra an the Norman Luboff choir.

In addition to CBS, the Canadia Broadcasting Corp., Voice of Americ and Armed Forces network will car the broadcast.

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N. J. License Hearing Se

Commissioner Howell of New Jers will hold a public hearing Dec. 8 on t regulation governing the program studies to be required of a first tim applicant for an agent's, broker's solicitor's license.

The regulation empowers the com missioner to require completion of 96 hour study program in an accredit school by first-time general lines, li and A&S applicants before they a admitted to examination. Such appli cants, interested only in automobile in surance, are required to complete a hour course, and those limited to ba bonds must spend 15 hours of study be fore qualifying for examinations. Th regulation was urged by New Jerse Assn. of Insurance Agents.

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Walter Heyden Retires

Walter A. Heyden, superintenden of underwriting in the western depar ment of National Fire, retired Dec. after 27 years with the company. A dinner in his honor was held Nov. 2 and was attended by the western de partment executive staff and Mr Heyden's co-workers.

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Reliance Opens New Branc

Reliance will open a branch offic at 1525 Front street, Richlands, Va Dec 15. It will be staffed by H. Weldo Ridge, claim adjustments and Jess Lewis, coal mine inspections.

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The Deming, N. M., resident offic of **General Adjustment Bureau** ha moved to 205 East Spruce street.

Hartford Fire And Columbian National In Stock Exchange

Hartford Fire is offering to exchange seven shares of its stock for 10 of Columbian National Life in connection with the proposed affiliation of the companies. Commissioner Premo of Connecticut approved the exchange plan after a public hearing last month.

First Boston Corp., as dealer manager, has formed a group of dealers to solicit tenders of Columbian capital stock. The proposal, which will be considered at a special meeting of Hartford stockholders Jan. 6, is conditioned upon their approval of the issuance of up to 175,000 additional shares of stock, and acceptance of the exchange offer by the owners of not less than 80% of Columbian stock. The exchange would be tax free.

Authorized capital of Hartford consists of 6 million par $10 shares, of which 2.5 million are presently outstanding. If the exchange is carried out, Hartford will have a minimum of 2,640,000 shares and a maximum of 2,675,000 outstanding. Columbian has 250,000 par $20 shares outstanding.

Seven File Mandatory UM Cover In Oregon

Seven insurers have filed revised private passenger automobile rates including mandatory uninsured motorist coverage in Oregon effective Dec. 3. The companies are Oregon Automobile, General of Seattle, Safeco, Northwestern Mutual, United Pacific, Western Pacific and Civil Service Employees.

The mandatory UM will apply to private passenger cars, station wagons or jeeps, pickups, delivery sedans, panel or farmers' trucks with a load capacity of 1,500 pounds or less. BI rates are increased $1 in territory 6 and $2 in other territories.

Publish New Field Book For Kansas

A new Underwriters Handbook of Kansas has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the new Kansas handbook may be obtained from the National Underwriter Co. at 420 East Fourth street, Cincinnati 2, Ohio. Price $12.50 each.

Bert Levit Is Named To High Post In California

Gov.-elect Brown of California has appointed Bert W. Levit of the San Francisco law firm of Long & Levit, as California director of finance. He will take office Jan. 5. Mr. Levit, who is counsel for the Pacific Board and Pacific Fire Rating Bureau, will assume the top department position in the new California state administration.

Mr. Levit headed the "Republicans for Brown" campaign. In assuming one of the most important jobs in the state government, Mr. Levit will have much to say in matters of vital interest to insurance. He has appeared on numerous occasions on behalf of the stock companies.

Ohio Casualty Has Extra

Directors of Ohio Casualty have declared an extra of 8 cents, bringing total dividends for the year to 58 cents, compared with 54 cents in 1957. The year-end regular dividend and the 8 cent extra are payable Dec. 15 to stock of record Dec. 5.

Flynn, Harrison & Conroy, Chicago brokers, have moved to the Board of Trade building where the firm has larger offices.

Two Raised In N. Y. By Aetna Casualty

Aetna Casualty has advanced A. E. Thompson Jr. from superintendent to assistant manager of the special risk department in the casualty division at New York. E. I. Sparling has been named assistant manager of the ocean marine department there.

Mr. Thompson joined the company in 1938 and has been in the statistical, central casualty and liability underwriting units. Mr. Sparling has been with the company since 1954.

Continental Casualty Names Stastny Manager

John Stastny Jr. has been appointed manager of Continental Casualty's Indianapolis branch office. He had formerly been A&S branch manager there.

After joining Continental in 1952 at the home office, Mr. Stastny became assistant manager of the Chicago A&S branch in 1953. He was appointed manager at South Bend in 1954 and was promoted to A&S branch manager in Indianapolis in 1954.

Prevention, Cost Control Aspects Of Reducing Losses Told By Bowman

In his talk at the risk management institute sponsored by Connecticut Assn. of Insurance Agents at the University of Connecticut, J. S. Bowman, senior service representative of the loss prevention department of Liberty Mutual, said that loss prevention has two distinct and equally important aspects—accident prevention and cost control. Too many insurance buyers fail to consider the factors which make up the price and what they can do to reduce it, Mr. Bowman said.

He cited public liability examples. His company covers a large chain of restaurants in New York City, practically all of which are equipped with revolving doors. The loss experience from accidents in these doors drove premiums up every year. The New York building code required that revolving doors shall not revolve at a speed of more than 15 revolutions per minute, but in practically all of the accidents this was exceeded, making settlement extremely difficult, Mr. Bowman pointed out.

In analyzing these accidents, along with several hundred others around the country, it was found that no accident was reported which involved a speed of 12 revolutions per minute or lower. A large manufacturer of this type of equipment was called in and was asked to develop a govern which would hold the door speed to this level. After considerable experimentation and testing this was accomplished, and accidents in revolving doors ceased to be a problem. Liability premiums have been reduced substantially.

Unusual Cases Cited

In another case, a large furniture store in New York had extremely poor experience because of customer falls. In analyzing the accidents over a period of years, it was found that the majority involved falling over wooden platforms on which furniture was displayed. The display department, of course, said that the platforms were absolutely essential. However, when management found out what these platforms were costing in terms of accidents, they were eliminated, with resultant savings, Mr. Bowman said.

He indicated that liability problems are found in unusual places. During the last war, in the heart of the dairy country in the far west, cows suddenly began to get sick and die. No one knew the cause. After several autopsies, the trouble was traced to fluorides which the cows were eating as they grazed. The source of the fluorides was the smoke coming from the stacks of a new aluminum smelter. Needless to say, his company and the policyholder were in the dairy business together for a considerable time and the costs ran into thousands of dollars, Mr. Bowman observed.

Free Paint Jobs

In another instance, the cyclone fence surrounding a plant was being spray painted. On the other side of the fence was an employe parking lot, and beyond this the street. There was a nice breeze blowing, and this led to a complete paint job for 46 employe cars and nine others belonging to outsiders. Mr. Bowman also cited liability exposures in connection with guided tours through a plant, and cited fantastic jury awards.

Another area where substantial losses can occur is in fleet operations, he went on. A salesman may entertain a customer and then crack up on the way home under the influence of liquor. The non-ownership policy on employe's cars used on company business can severely hurt the experience. Distribution and delivery operations can also add a substantial amount to losses. These examples emphasize that the prevention of any loss is, or should be, of material concern to the insur-

(CONTINUED ON PAGE 26)

Detroit A&H, Claim Men Hear Accent On Service

How claims and underwriting help the agent sell was described by E. B. Forsythe, vice-president of Illinois Mutual L.&C., at a joint meeting of Detroit A&H Underwriters Assn. and Detroit Life, A&H Claims Assn.

The agent should explain the benefits to his prospect in layman's language, and physical ailments should be discussed in simple terms rather than in technical phraseology. Call it gall bladder, not cholecystitis ,Mr. Forsythe advised. If a waiver is necessary, it should be sold when the contract is sold, and not on delivery.

"If you always tell the truth, you never have to worry at a later date about what you said," he remarked. Deliver every claim check and go over the payment of the claim. If there's any misunderstanding, correct it immediately, because this is the pay-off —a satisfied policyholder at claim payment time will come back for more.

Pool To Pay WC Claims Of Interstate Indemnity

Workmen's compensation claimants of the defunct Interstate Indemnity of Los Angeles will not be neglected nor forgotten—nor uncompensated.

A group of California companies, in an assumption agreement, have established a pool through which all valid claims will be met while liquidation proceedings continue. Industrial Indemnity will administer the pool, made up of these contributing companies: Allied Compensation, Argonaut, California Compensation & Fire, California Union, Enterprise, Fireman's Fund, National Automobile & Casualty, Pacific Employers, Pacific Indemnity and Truck Insurance Exchange.

Wigely, GAB Adjuster At Albuquerque, Retires

Robert G. Wigely, general adjuster at Albuquerque for General Adjustment Bureau, has retired after 33 years with the organization.

He joined the bureau's predecessor company, Fire Companies Adjustment Bureau, in 1925 at Phoenix. He became branch manager at Albuquerque and was promoted to general adjuster in 1951.

WC Rates Up In La.

The casualty and surety division of Louisiana rating commission has increased rates on new and renewal workmen's compensation policies an average of 4.4% effective Dec. 1.

Some classifications showing increases of 20% are landscape gardening; drivers, chauffeurs and their helpers; salesmen, collectors or outside messengers; and oil or gas lease, specialty tool operation by contractors. Among the higher decreases are ore milling—22%, and electric light or power line construction—20%.

WC premum revenue in Louisiana is now approximately $42 million annually and will be increased by about $2 million. A proposal to increase the maximum average weely remuneration from $100 to $300 per week for each employe was rejected.

Homeowners Sold In Ga.

The first new type homeowners policy approved by Georgia Inspection & Rating Bureau was written by Connecticut Fire through Mortgage Investments agency of Decatur. The rating bureau stated that the policy was probably the first of its kind placed in the U.S., snce Georgia was the first state to approve the new homeowners program.

File Lower Utah Car Rates

National Bureau has filed a proposal to reduce liability rates on private passenger cars in Utah an average of 11%, on commercial cars 2%, and on garage risks buying broad coverage 3%.

National Automobile Underwriters Assn. has proposed a reduction of all PHD rates in the state by an average of approximately 1%. Premiums for comprehensive coverage for popular priced new private passenger cars would be increased $4 to $5 in most of the state, slightly more for higher priced cars and less for older and lower priced modles. All proposed changes would be effective Jan 7, 1959.

George F. Brown & Sons, excess and surplus lines agency, is acquiring 25% more space on the third floor of the Chicago Insurance Exchange building.

Bituminous Casualty '5 Volume Up $2 Million

Bituminous Casualty wrote premiums of $19,924,000 for the first three quarters of 1958, an increase of $1,059,000 over last year.

Before taxes investment income was $765,000 and underwriting income was $548,000.

The midwestern department of General Reinsurance has moved to 1 West 11th street, Kansas City 1, M

Approve $170,000 Settlement Of $8 Million Hopps Suit

(CONTINUED FROM PAGE 1)

ill proceed with prosecution of the uit regardless of the Rhode Island ction, using money collected from the hode Island's creditors in California. J. W. Ehrlich, the attorney for Mr. opps, sent out a news release and tatements on behalf of himself and Mr. Hopps. Mr. Ehrlich is the former ounsel of International Guaranty & ns. Co. of Tangier, which ran into a nag in California and Illinois. In his statement, Mr. Ehrlich said there was no settlement offer made personally by Mr. Hopps, but he "voluntarily aided the speedy termination of the entire $7,984,000 case by guaranteeing the credit of Atlantic Brokerage Co. in the amount of $170,000. This is in connection with the Atlantic Brokerage Co.'s agreement to pay the receiver for stocks of the Rhode Island which Atlantic Brokerage had agreed to purchase in 1949."

Mr. Hopps is quoted as saying that the "whole case has been largely due to personal differences between me and certain officials of the California insurance department. The elimination of fraud charges and claims of business misconduct means that we will not carry the stigma of having violated a position of public trust. Therefore, we cherish the outcome even more than simply having been adjudged improper defendants in this lengthy civil action."

The suit was brought against Mr. Hopps and his wife, U. S. Marine & Foreign Securities, Atlantic Brokerage and several other corporations in July of 1954. It was claimed that the receivership resulted from domination and control of Rhode Island by Hopps, and by fraud allegedly perpetrated by Hopps in managing the company.

Superior court at Providence, by approving dismissal of the suit for $170,000, would result in the dropping of all charges against Mr. and Mrs. Hopps and the other defendants except Atlantic Brokerage, which would settle its debt by giving its note for a total of $170,000.

J. Byron Saunders To Go On Trial Jan. 19

AUSTIN—Trial of J. Byron Saunders, former chairman of the old Texas board of insurance commissioners, on one of two perjury indictments was set last week for Jan. 19 in district court in Austin, but there were indications that a delay might be asked at that time.

The first indictment charge that Mr. Saunders committed perjury in testifying before a legislative investigating committee that was probing developments linked with the collapse of the labor-backed ICT Ins. Co. of Dallas. It charged that Mr. Saunders gave false testimony about an oil royalty deed for which, he said, Benjack Cage, former ICT president, paid him $7,000.

Other Trial Dates Pending

Also awaiting trial dates are another indictment against Mr. Saunders charging perjury before a Travis county grand jury; two against Mr. Cage for bribery; a perjury indictment against Garland A. Smith, also a former commission chairman, and an indictment for perjury against Max W. Rychlik of Austin, Mr. Smith's son-in-law.

Louisiana Surplus Lines Brokers Form Association

Louisiana Surplus Lines Assn. has been organized at New Orleans with membership composed of more than half the 43 surplus line brokers licensed in the state. L. K. Giffin, Southern Marine & Aviation Underwriters, New Orleans, was elected president. Other officers are: W. M. Daniel Jr., Shreveport, vice-president and Thomas Q. Winler, New Orleans, secretary-treasurer.

L. K. Giffin

The board, in addition to the new officers, includes George Martin, New Orleans; Felix Burnett, Swett & Crawford, New Orleans; and Elmo Rodrigue, Cravens, Dargan, New Orleans.

Southern Cal. Surety Men Elect Moss President

A. Allen Moss, Glens Falls, has been elected president of Surety Underwriters Assn. of Southern California. Also elected were Fred J. Hagen, Employers' Liability, vice-president, and H. Coe Culbertson, Fidelity & Deposit, secretary-treasurer.

Convention Dates

Dec. 7-8, Arkansas Assn. of Insurance Agents, midyear, Hotel Lafayette, Little Rock.

Dec. 9-10, Insurance Advertising Conference, midyear, Sheraton-McAlpin Hotel, New York City.

Dec. 10, Casualty & Surety Club of New York annual dinner, Waldorf-Astoria, New York City.

Dec. 10, Eastern Underwriters Assn., annual, Biltmore Hotel, New York City.

Dec. 15-19, National Assn. of Insurance Commissioners, midwinter, Roosevelt Hotel, New Orleans.

Dec. 28-29, American Assn. of University Teachers of Insurance, annual, LaSalle Hotel, Chicago.

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May 6-8, National Assn. of Independent Insurance Adjusters, annual, Shamrock Hilton Hotel, Houston.

May 11-14, National Assn. of Insurance Brokers, annual, New York City.

Dayton CPCU Chapter Hears Waggoner Describe Future

Policyowners, in the not too distant future, will be able to open an insurance account just like a bank account and make their payments once a month, according to Leland T. Waggoner, vice-president of North America, who described revolutionary changes in future insurance programs at the all-industry dinner sponsored by Dayton-Miami Valley chapter of CPCU at Dayton.

Changes Making History

Mr. Waggoner explained that the insurance business is undergoing more changes in methods of packaging, marketing and servicing than at any time in history. "Not only does the future hold unprecedented packaging of policies," he said, "but it promises new developments in contracts enabling an agent to bind a man on the spot for life, accident and sickness."

One of the highlights of the meeting was the presentation of CPCU designations by John D. Phelan, vice-president of American States, and vice-president of American Society of CPCU.

Dallas Surety Assn. Elects Thweatt President

Dallas Surety Underwriters Assn. at the annual dinner meeting has elected Melvin M. Thweatt, Hartford Accident, president. Other new officers are George L. Powledge, Standard Accident, vice-president; Paul G. Marco, U.S.F.&G., secretary, and Ben D. Taylor, Home Indemnity, treasurer.

Members of the executive committee are: T. M. Delanoy, Fireman's Fund; R. R. Anderson, Aetna Casualty; W. T. Cortelyou, Fidelity & Deposit; Robert M. Craig, Aetna Fire, and Blair McFarlane, Glens Falls.

Standard Accident Names Blue To New England Post

Standard Accident has appointed Hollis S. Blue assistant manager of the New England branch office.

He joined the company in 1936 as an automobile underwriting clerk in the New England office and in 1951 he was appointed manager of the casualty underwriting department there, a position which he held until his recent appointment.

Aetna Fire Appoints

Aetna Fire has appointed Richard A. Marshall special agent in eastern Massachusetts. He replaces Edward R. O'Keeefe, who has resigned to enter the agency business. Mr. Marshall has been in the business since 1949.

Allstate Simplifies Accident Report Form

An illustrated accident report form has been developed by Allstate to simplify reports by auto policyholders. "Immediately after an auto accident, most persons are too upset and confused to follow written instructions worded in a stilted or technical manner," Judson B. Branch, president of Allstate, said.

The language and phrasing of questions in the form have been revised to enable the policyholder to obtain and record more easily the facts of the accident. Where most accident report forms provide space for descriptions of injuries under the curt heading "personal injuries," the Allstate simplified report form asks "Was anyone injured (or complain of being hurt)?"

The new form heads one section with the question, "How did it happen?" and provides supplementary questions in the same simple language to aid the policyholder in describing the accident situation and diagramming positions of the vehicles and persons involved. Other simple questions which help the policyholder obtain the necessary information are: "What is your name?," instead of the commonly used phrase, "Policyholder and driver;" "When and where?" "Was the other person's property damaged?" and "Who saw the accident?" Each section of the report form is headed by a simple illustration as a guide to the action which must be taken by the policyholder or the type of information needed.

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Southeastern Hail Men Elect Kluttz President

John C. Kluttz, Crum & Foster, has been elected president of Southeastern Hail Conference at the annual meeting at Greensboro, N. C. Other officers are W. Scott Smithy, Hartford Fire, vice-president, and T. G. Petersen, Great American, secretary-treasurer.

Members of the executive committee are: John R. Wendorf, America Fore Loyalty group; Dorman L. Williams, Blue Ridge; Robert O. Brooks, Home; M. C. Gardner, Fireman's Fund, and W. J. Robertson, Rain & Hail Insurance Bureau.

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Raise Commercial Car And Garage Rates In Maryland

National Bureau of Casualty Underwriters has revised automobile liability insurance rates for commercial cars and division 1 garage risks in Maryland effective Nov. 26.

The commercial car changes result in an average statewide increase of 5.3% for BI and PDL combined.

The garage rates go up 9.7% for BI and PDL combined.

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GAB Upgrades Washington Office

General Adjustment Bureau has upgraded its resident office at Everett, Wash., to branch office. Jack C. Hallgren, resident adjuster there since 1953, has been appointed branch manager. Adjuster L. N. Vanderford will assist him.

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Insurance Women of Alabama have named Roy Pair, Ford-Myatt & Ebaugh, Birmingham agency, as "Boss of the Year." The award was presented to him by Edmund C. Garity, manager of Birmingham Rating Bureau, who was selected for the honor last year.

Aetna Casualty Class Hears Brewer On Agents

Herbert S. Brewer of Lockport, president of New York State Assn. of Insurance Agents, told graduates at a dinner following completion of the Aetna Casualty sales course that in the past the independent agent could expect success to follow as the normal result of hard work. Today, however, keen competition in the industry makes it mandatory that the agent keep himself informed about new techniques, trends and changes in the business.

Herbert S. Brewer

Mr. Brewer, who graduated from the school 10 years ago, said the agent must be able to apply this information intelligently. He pointed out that the time is past when "just anybody" can enter insurance without training or preparation and make a go of it.

The class was led by Robert F. Danahy of Boston. Other blue ribbons for high scholastic standing were awarded to Richard A. Thetford Jr. of Tampa, Allen E. Harrison of Washington, D. C., Calvin S. Stowell of Sterling, Ill., Albert C. Burke of Avon, N. Y., William G. Lockhart of Atlanta, and Robert F. Phillips of Bridgeport.

Gold ribbons for demonstrating outstanding soliciting techniques went to Edward M. Lee of Providence, Henry Broadnax III of Dallas, David Morgan of Tulsa, and Messrs. Danahy, Harrison, Burke and Thetford.

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Ervin J. Dickey Jr. has been elected a director of Agricultural Ins. Co. of New York to fill out the unexpired term of the late Roswell S. George.

Stage Set For Battle Over Bureau Role

(CONTINUED FROM PAGE 1)

committee took action in 1957 to study the entire question of multiple line filing procedures in the hope of gaining uniformity among the states. The study also was aimed at developing criteria for determining whether a specific multiple line filing should be considered an independent filing or a deviation from a bureau filing. The committee proposed further to study the hand-in-hand filing method as well as the licenses and appointments of rating and advisory organizations.

Report Offers Recommendations

The M-1 committee prepared a report containing recommendations which it thought would resolve most of the questions. Mr. Syfert said the report was presented to a representative cross-section of the industry in April of 1958, and ran into a hornet's nest. The independents were essentially in agreement with the recommendations while the bureau people were against. There were some amendments, and at the June meeting in 1958 of NAIC the report came up again. The bureau people asked for more time, and an all-industry committee was created to review the report and suggest revisions or amendments.

(Although Mr. Syfert did not mention it in his talk, the M-1 committee had a meeting in Miami Beach just before the NAII meeting and it was readily seen that the chances are extremely slim of the bureaus and the independents reaching agreement. The independents want the report adopted substantially as it is, while the bureau people are desirous of making a number of changes.)

There are two reports from industry, Mr. Syfert said, and the commissioners will have to determine which is the majority report. This is not such a simple matter, because it is difficult to tell whether to do it by the number of individuals on each side, by the organizations or associations, the economic strength or premium volume of the companies, by questioning whether a bureau can speak for its non-voting subscribers, etc. If and when a majority report of industry is identified, then the commissioners must determine whether their support of such a report would actually solve the problem "if we are to preserve both the legitimate right to independent company action and the well-recognized rights, and benefits deriving from bureau rate-making practices."

Syfert Gives Listing

Among the recommendations of the M-1 subcommittee in its original report, Mr. Syfert listed:

—Wherever state statutes prescribe different treatment for fire filings than for casualty, the departments suggest to the filers of multiple line packages that the fire section be designated as the one to apply.

—That any rating bureau filing a specific multiple line package shall assume full responsibility for filing the complete package, and that such a filer, whether a bureau or an independent company, provide complete support for the entire filing, including rates, rules, forms and statistical plans. (This would permit, Mr. Syfert explained, any properly licensed company either to affiliate with a single bureau filing the multiple line package or file the package independently.)

—That only one bureau, the filing

bureau, be entitled to be a principal in any hearing called on a deviagion filing involving such multiple line packages.

—That the subscribership agreement of any bureau making multiple line filings shall permit a partial subscribership to exclude any specific multiple line package, thus permitting an independent filing for such package.

Mr. Syfert said that taking these steps would produce a situation which some claim is inevitable anyway, either through natural evolution or through federal mandates.

Committee Position Upheld

He emphasized that the final outcome of every reported administrative or court test on these questions so far has been to uphold the position proposed by the M-1 committee. The most recent is the New York department decision in favor of North America and American Casualty on independent rate filings for commercial property coverage.

Another decision, accepted as proper by certain strong proponents of the principle of cooperative bureau filing of package rates, concerns the fact that homeowners policies can be filed independently by a company which otherwise is a full subscriber to bureau services for dwellings, fire, rates and forms, Mr. Syfert said. He added that the organization of Empiro and the entry of Transportation Insurance Rating Bureau into the homeowners field "clearly established the homeowners package as something separate and apart from regular dwelling fire business."

If the practice of cooperative, multi-bureau filings and the maintenance of bureau jurisdictional boundries is intended to provide for a sounder and more credible body of statistical data, it is an illusive goal, Mr. Syfert declared. It is just as reactionary to continue viewing homeowners data as a combination of separately identifiable parts as it would be in the case of extended coverage or auto comprehensive.

"If the purpose of the hand-in-hand filing is to retain a venerable and inviolable tradition of separate bureau identity by line of business, this is a hollow luxury in which the public will not indulge us and which we cannot afford." He said if he is wrong in this opinion, it is because exhaustive search for better or different answers has been fruitless. "The unanswered and perhaps unanswerable question is—what is the fundamental purpose to be served by the multiplicity of bureau activity in package policy rating and filing?"

Handbook Of Illinois New Up-To-Date

A new Underwriters Handbook of Illinois has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the new Illinois handbook may be obtained from the National Underwriter Co., at 420 East Fourth street, Cincinnati 2, Ohio. Price $12.50 each

Minn. CPCUs Slate Conferment

Vestal Lemmon, general manager of National Assn. of Independent Insurors, will speak at the annual all-industry luncheon, Dec. 9, of Minnesota chapter of Society of CPCU at Hotel Leamington in Minneapolis. He will speak on "Regulation for Progress —Key to a Dynamic Industry." CPCU diplomas will be conferred upon 10 designees.

COMMENTS TRENDS OBSERVATIONS

TV Show, "Mama," Got Audience, Message Across, Nationwide Finds

Nationwide Mutual's first venture in television with its "Mama" show in 1957 cost only a fifth of a cent per adult viewer for each broadcast minute and was successful in not only capturing a sizable audience but in getting the message across. This was disclosed in an article by George Hunter, advertising manager, appearing in the company's publication, Nationwide World, which reported results of weekly surveys and special studies the company took to determine the success of the program.

Two rating agencies using two different research methods were employed. For the first nine months, "Mama" attained a rating of 11.5 from one agency and 15.0 from another, and translated into people, this meant the program reached an average of 2,424,031 homes or 3,393,643 adults each week. Breaking down these figures into costs, it was shown that the price for reaching each thousand viewers was only $1.94 or less than a fifth of a cent per adult for each broadcast minute. According to TV advertising authorities, this is one of the lowest per viewer costs recorded in recent television history.

In order to find out whether the program was achieving its main objectives—increasing public awareness of Nationwide, building a favorable image of the company in the public's mind, and "pre-selling" the product—a research organization was employed to investigate the impact of the show. Researchers buzzed telephones four weeks after the show started and found 76% of the adults were aware of Nationwide. This was repeated three months later and this figure had increased to 81%.

About 64% of those interviewed who did not watch the show said they thought Nationwide was an "excellent" or "good" company. Among those who did watch were 88% who expressed the same opinion. At the same time, about 18% of non-viewers considered Nationwide agents merely "better than others" while 36% of the viewers felt they were "superior."

Marked differences between viewers and non-viewers concerning knowledge of the company's products and services were also revealed. Many said they believed Nationwide settled claims promptly, that it had lower premiums and gives good coverage. More viewers than non-viewers knew that the company offered three or more lines. All of this, the company believes, suggests that "Mama" succeeded in producing a favorable image of the company and its agents.

The western department of Reliance and the head office of General Casualty have moved into their new building at 117 East Wilson street, Madison. The new structure will house 175 employes who will service $17 million in premiums. The building is two stories in height on Wilson street, and, conforming to the grade of the plot, is five stories high on the side of Lake Monone which it overlooks. It is of functional design, completely air conditioned, and has lunch room facilities overlooking the lake and a parking area for employe and guest cars.

John Mosler, left, executive vice-president of Mosler Safe Co., and Jack Seide, president of Babaco Alarm Systems, study the security record of a truck equipped with a Babaco alarm. Thanks to a new electric adjustable speed rotary card file made by Mosler, Babaco can determine the degree of protection on any one of the thousands of vehicles protected by its alarms, in a matter of seconds. The new file is not only a time and space saver, but needs one-third the manpower to operate that the previous system required.

General Agents Should Be Paid For Detail

F. W. Brundick Jr., president of Brundick & Bowles, managing general agents of Jacksonville, Fla., writes:

More and more managing general agents are being required by the companies they represent to convert their operations to bordereau reporting. There is no question that after the transition has been accomplished and all "bugs" worked out it is a more efficient method. True, expense of the general agent's accounting department will increase somewhat, but the saving in time in preparation of accounts, copying of daily reports, endorsements, etc., and accuracy are well worth the investment. It is estimated company home offices enjoy a 3½% expense saving factor when their general agents report by bordereau. However, as far as I know, no company has passed on to their general agents any portion of that saving by increasing their overwriting allowance. To perpetuate the managing general agency system they must assume more responsibility for underwriting results and relieve company home offices from the expense of duplicate underwriting, mapping, filing daily reports, etc. In all fairness, assumption by the general agent for relief of such detail should entitle him to increased compensation consideration.

Converting to bordereau reporting entails a headache, the like of which has never been experienced. No two companies follow any semblance of uniformity in their underwriting, accounting or statistical departments. Each one has some peculiarity, very often antiquated, they insist on pursuing. The only uniform item on any bordereau is the National Board classification. A most flagrant absence of uniformity is assignment of different code numbers by each company to others with whom they exchange reinsurance. Why can't a uniform code be adopted and used by all companies? Absence of doing so results in the general agent adopting his own company code numbering system, and assigning different numbers for the same companies which vary from those used by company statistical departments. True, it would take time for companies to convert their in force and future transactions to newly assigned uniform company code numbers but the ultimate gain would far offset any temporary disadvantage. The same situation obtains with transaction codes. No two companies are alike. This makes delay in company statistical departments by having to interpret each bordereau from different general agencies.

Only Premium Amount Needed

Reporting policy amounts and names of insured are of no interest to the company. All they need is the premium amount. Terms should be reported in months to more easily compute unearned premiums by statistical departments. All premiums should be reported in dollars only, dropping the

(CONTINUED ON PAGE 26)

Rehabilitation Has Proved Worth, Value

In a paper presented to the Hemispheric Insurance Conference at Caracas, Venezuela, William H. Seymour, senior vice-president of Liberty Mutual, stated that rehabilitation of injured workers is no longer experimental but has reached maturity. The values of human preventive maintenance include those of cost reduction and control of premiums for workmen's compensation and A&S insurance.

For many years industry has made use of preventive maintenance on machinery and equipment, but now it has become willing to consider human maintenance. There have been many approaches to this, some successful, some unsuccessful, but in Mr. Seymour's opinion, they work best with some in-plant medicine which would include a nursing service. The medical man is the one best qualified to understand the complexities of modern man.

Physical safety work is only a part of human maintenance, he pointed out; psychosomatic medicine is the modern approach to the problem. This means, for example that one cannot separate a man's ulcers and treat them apart from the mental tensions which caused them. This is where an in-plant nursing service can be useful as a sounding board for the personal problems of the worker, which if solved will doubtlessly lead to greater efficiency and eliminate more serious medical problems. As true as the

statement that the man takes his work home with him, Mr. Seymour said, is the fact that the man takes his home problems to work with him.

Mr. Seymour said that several years ago in the long-haul trucking business most of the accidents were reported as happening toward the end of the day, which seemed to be self-explanatory—the man was fatigued. But recently most of the accidents have been occurring in the first two hours. The only feasible explanation for this, he said, is that the average individual needs a couple of hours to clear from his mind the off-the-job influences that invade his thoughts and affect his on-the-job activities.

Statistics Prove Program

The statistics his company has gathered through the years, in more than 2,000 industries having approximately 500 employes per plant, show that as a result of proper industrial medical programs, accident frequency has been reduced 44.9%, occupational disease by 62.8%, labor turn-over 27.3%, and absenteeism 29.7%. Although exact statistics are not available, the company feels that the effectiveness of the entire employe population has been increased from 1% to 5%, in addition to the other gains. The direct savings will pay for the investment of a medical program, and these are only a fraction of the indirect savings.

The other facet of human maintenance is rehabilitation, he stated. This has now come of age and should be recognized as economic and definitely a responsibility of industry, which will not like to pay the bill that somebody else, without industry's viewpoint, might charge them. There is, in Liberty Mutual's viewpoint, quite a gap in many cases between a perfect surgical operation, convalescence and the return to gainful occupation. For this reason the company set up a pilot plant to be used as a teaching clinic and experimental center.

Psychiatrists Consulted

In seeking all available data and information, the company consulted psychiatrists, on the theory that one who was in need of rehabilitation was both physically and mentally sick. An important fact discovered was that the atmosphere and appearance of a rehabilitation center had to be superior to the man's home, because in order to get him out of the comfort of his easy chair and the solicitude of his wife and family, he had to be offered something better. It is important to know when to stop rehabilitation, he said. The objective is to get optimum recovery of the man under the existing circumstances and sometimes it must be accepted that only 60% or 50% of his former work usefulness can be acquired. To work beyond a practical point will discourage him and all that was gained will be lost.

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Springfield-Monarch Uses Daily Mail As Sales Aid

Howard Williams, sales promotion director of Springfield-Monarch, advocated putting sale in everyday mail at a recent meeting of New Hampshire Insurance Women's League. The headline of THE NATIONAL UNDERWRITER report of his talk might have implied that the group was adopting selling by mail. Actually it is operating with the same agency systems as in the past.

—

George Kramer Jr. of Williston Park, regional vice-president of New York State Assn. of Insurance Agents, outlined the group's forthcoming legislative program at the November meeting of New York City association.

Editorial Comment

The Convention Examination Examined

This is not to suggest another subject for Sen. O'Mahoney's inquiry into how state regulation is living up to its responsibilities. But state commissioners might take a close look at the present system of examining insurance companies and rating bureaus. Criticism of the convention examination grows louder and more frequent.

The rise in the volume of complaints may be due (1) to the somewhat larger number of fire and casualty insurers that are getting into trouble, and (2) to underwriting losses and the consequent closer scrutiny of all expenses by insurers—and by rate approving authorities.

The most consistent charge leveled at the convention method of examination is that costs are charged to the company being examined. This may be the simplest way for departments to get the money to pay for the examination. But it can be quite inequitable, as in the case of young companies or insurers in financial difficulties. In addition, it tends to encourage inefficiency and downright abuses. The latter include, according to numerous reports, substantially excessive time, personnel that is incompetent for the job—for political or other reasons, and, most troublesome and expensive of all, extensive interference with the work of all company personnel, from clerks to presidents.

But the worst feature of the present system is that when an insurer gets into difficulties the examiners move in at once, which immediately imposes substantial costs on an insurer that is impaired or shaky financially. This is the very time when the insurer can least afford additional expense of any kind.

Also, where the insurer is shaky, the tendency is for more examiners to move in, and for them to spend more time on their examination, so that the company is hit hardest that is in the poorest shape to stand it.

Consequently, the examination function, which has as its purpose the determination and, impliedly, the preservation of assets for the benefit of members of the public, acts to weaken the insurer when it most needs all the strength it has.

To eliminate this serious weakness, this positively harmful effect of the convention examination, it has been suggested that the examination costs be paid by the insurance departments out of an increase in the premium tax of one-fourth or one-half of 1%. This would place the cost equitably on the business as it is written by insurers, all of which are examined. A direct increase in the premium seems highly appropriate since the purpose of the examination is to protect the public against the consequences of an insurer insolvency. The method would provide a far more equitable means of amortizing the examination cost than the present one, which is about as anachronistic as quartering soldiers on the populace to defray military costs.

For the young company also, examination costs can be a shock item in an examination year.

The extremely slow pace of examiners is an almost universal complaint of insurers. This pace can hardly be excused, though it can be better understood, when it involves, say a company domiciled in a southern state. In the case of one such insurer that was in difficulties, examiners took advantage of the climate, and remained on the premises from September to May. They then found that it would require a return in September to finish up the job. (The insurer was finished, too.)

In general, fire companies are examined every five years, casualty companies every three. However, with multiple line, even if the fire company only gets into casualty in a minor way, the frequency steps up to three. In case of merger, the company may be examined again though the regular convention examination was completed within the year.

If more companies are going to be examined more frequently, it is of greater consequence that the commissioners take a serious look at the costs and conduct of examination, as well as at the method of assessing the cost. For executives in the business are making serious charges that the system is inefficient and wasteful. If the insurance departments paid examiners, perhaps there might be an improvement in the functioning of the system. It is doubtful that there will be much improvement in this area until the departments themselves pay for the examination and the expense is judged against the administrative standards of the departments.

Though senior examiners get $180 a week plus $87 a week subsistance, (juniors get $150 plus $87), which is more than some commissioners are paid, the insurance companies seem to be less concerned about the amount paid examiners than they are at the incompetence of some of them, and the excessive amount of time they spend on the job, whether competent or not.

Insurer examination requires special training—outside accountancy talent is no good because such accountants do not know how to check reserves. But the criticism is frequently voiced that insurer examiners are not very good at what they are supposed to be good at. This excludes those political examiners, young, old and in between, who are not accountants at all, let alone examiners.

One examiner spent six months in a company where six weeks would have been ample. This was because he had never examined a company of that kind before and he was being educated at company expense. He also caused more difficulties for the personnel of the insurer than all the other examiners put together. In fact, the money the company spent to pay and board him for six months—$6,955—was infinitesimal compared to the cost to the staff in time and harassment.

One general tendency of examiners, a review of the examinations of several companies indicates, is to suggest the establishment of new procedures to produce more information for the benefit of examiners and state regulation—though insurer executives earnestly contend that few if any of the changes are essential to the insurer operation, to solvency, or even to a clear understanding by examiners of what the insurer is doing. But all of them would require more personnel, more processing, and a great deal more expense, an added burden on the premium dollar. In one case the recommendations of examiners would have doubled the clerical force of the insurer, if they had been carried out.

Insurers contend that the cost of the time taken by their personnel, executive and clerical, to answer questions and respond to requests of examiners, much of which insurers stoutly argue is highly unnecessary; plus the time taken to dissuade examiners from insisting on expensive modifications and extensions of existing insurer procedures; added to the loss of time that cannot be devoted to more creative business pursuits—the cost of all of this is incalculable. —K.O.F.

Personals

William N. Woodland, who recently resigned as editor of the Standard New England insurance weekly publication, to become executive vice-president of Mutual Fire Insurance Assn. of New England, an organization of 24 agency mutual companies, succeeds Edward D. Sirois, retired. Mr. Woodland has long been prominent as a panel member and moderator at agents' conventions.


William N. Woodland

Cliff C. Jones Jr. of R. B. Jones & Sons received an editorial tribute in the Kansas City Star on completion of his term as the youngest chamber of commerce president in the city's history. He was commended for setting up an industrial analysis system which gives business men information on all aspects of the city's industrial and marketing facilities.

Sylvester Melvin, secretary of Greene County (Ill.) Mutual Fire, celebrated his 107th birthday Nov. 29 at his home in Greenfield. Mr. Melvin is the oldest active businessman in the United States. He has been secretary of Greene County Mutual Fire for 59 years.

Dr. Amilcar dos Santos, director superintendent of the Brazilian national insurance department, was honored by American Foreign Insurance Assn. at a luncheon in New York attended by James O. Nichols, president, and other AFIA officials. Dr.

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NEW YORK 38, N. Y.—17 John St., Room 1401, Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel, New .. Managers.

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PHILADELPHIA 9, PA.—123 S. Broad St., Room 1027, Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

ST. LOUIS 2, MO.—221 Pierce Bldg., Tel. Chestnut 1-1634. Geo E. Wohlgemuth, Resident Manager.

SAN FRANCISCO 4, CAL.—582 Market St., Tel. Exbrook 2-3054. Robert L. McMullen, Pacific Coast Manager.

CHANGE OF ADDRESS

Be sure to enclose mailing wrapper with new address. Allow three weeks for completion of the change. Send to subscription office, 420 E. Fourth St., Cincinnati 2, Ohio.

Santos was visiting New York after attending the Hemispheric Insurance conference at Caracas, Venezuela.

Deaths

STUART M. DIMOCK, 59, chief engineer for Lumber Mutual Fire, died. He had been with the company since 1943, and prior to that had worked for Improved Risk Mutuals.

C. O. PRICE, 82, who retired in 1929 as manager at Portland, Ore., of U.S.F.&G., died at his home in Corvallis. He went to Portland in 1922 as manager for U.S.F.&G.

JAMES B. HESTER, 94, retired agent of Tryon, N. C., died at his home there.

H. J. HOLLINGSWORTH, 97, retired Hagerstown, Md., agent, died there.

JAMES A. CRAIG, 41, buyer for Citizens' Finance Co. of Grand Junction, Col., died. He had been with the company since 1947.

GARRISON LOWE, 68, retired vice-president and secretary of National Fire, died at Hartford. He retired in 1954. He had lived in West Hartford for 32 years.

J. REED BRADLEY, 56, claims supervisor for Travelers, died at his home in Bethesda, Md.

GUSTAV LINDQUIST, 77, insurance commissioner of Minnesota in the early 1900s, died at Miami.

F. W. SOVEREIGN, head of the Sovereign agency of Port Huron, Mich., died of a heart attack.

HARRY T. MURRAY, 58, agency superintendent of America Fore fire companies at the home office, died at his home in Glen Cove, N. Y. He began in insurance in 1916 with Johnson & Higgins and later was with Cornwall & Stevens, both brokerage concerns. He joined Niagara Fire in 1930 as a solicitor at the home office, became assistant manager of the brokerage department, and in 1942 was appointed manager. In 1957 he was appointed agency superintendent of the America Fore fire companies in the New York metropolitan, brokerage and suburban departments.

Stocks

By H. W. Cornelius, Bacon, Whipple & Co. 135 S. LaSalle St., Chicago, December 2, 1958

	Bid $	Asked $
Aetna Casualty	170	176
Aetna Fire	80	81½
Aetna Life	230	235
American (N. J.)	27½	28⅛
American Motorists	15	16¼
American Surety	18½	19½
Boston	35	36
Continental Casualty	110	111
Crum & Forster com.	62	64
Federal	54	56
Fireman's Fund	59	60
General Reinsurance	65	67
Glens Falls	34½	35½
Globe & Republic	20	21
Great American Fire	42	43½
Hartford Fire	174	180
Hanover Fire	42	43½
Home (N. Y.)	46	47
Ins. Co. of No. America	124	126
Maryland Casualty	41	42½
Mass. Bonding	39½	41
National Fire	101	106
National Union	39½	41
New Hampshire	42	43½
North River	37	38½
Ohio Casualty	24	26
Phoenix Conn.	77	79
Prov. Wash.	19½	20½
Reinsurance Corp. of N.Y.	16¾	18
Reliance	45	46½
St. Paul F. & M.	55	57
Springfield F. & M.	35	36
Standard Accident	54	55½
Travelers	95½	97
U.S.F. & G.	74	76
U. S. Fire	31	32

Report New Homeowners To Be Used In Ky. Jan. 1

LOUISVILLE—The new homeowners policy was filed in Kentucky Nov. 19 and reportedly has been approved to become effective Jan. 1.

Hulbert To Stay In Utah

The report of the results of the election in the ranks of insurance commissioners carried two weeks ago erroneously stated that Carl A. Hulbert of Utah would not be reappointed because of a change of administration in his state. There was no election of a governor in Utah this year, and Mr. Hulbert is not to be replaced.

Knowlton Accepts State Rule Preservation Post

Donald Knowlton, New Hampshire insurance commissioner, has been appointed chairman of the preservation of state regulation committee of National Assn. of Insurance Commissioners.

Archie M. Slawsby of Nashua, president of National Assn. of Insurance Agents, wired Governor-elect Wesley Powell, commending him for authorizing Mr. Knowlton to accept the post. Mr. Slawsby said the appointment is of national significance and Mr. Knowlton enjoys the complete confidence of the business.

—

National Casualty Names Burke To Group Post

National Casualty has appointed Richard B. Burke field group supervisor with headquarters at the Detroit home office. He has had extensive experience in group coverages, having entered the field more than 10 years ago.

American Casualty Promotes Grubbs

American Casualty has promoted Oliver L. Grubbs Jr. to resident manager of its Orlando branch. He was formerly fire and marine manager at Charlotte. Mr. Grubbs has been in the business since 1929 and joined American Casualty in 1953.

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The Montrose, Colo., resident office of **General Adjustment Bureau** has moved to 607 North Second street.

Insurers Using Maps Show Better Results

Sanborn Map Co. has issued a folder analyzing the 1956 and 1957 results of 33 fire insurance company groups which wrote 78% of the country's stock company fire business in 1957. The analysis shows that 18 of the companies which still do mapping had an average loss ratio for the two years of 50.1 while the 15 company groups that do carding had a loss ratio of 53.7.

The difference in loss ratio meant a "saving" of $18 million in 1956 and $16 million plus in 1957 for the mapping groups, the map company points out. That is a total of $34 million for the two years in favor of the mapping companies.

—

Surety Men Hear Educator

A. Leslie Leonard, dean of the school of Insurance Society of New York, told the November meeting of Surety Managers Assn. of New York of the broad value of the school's fidelity and surety courses in training personnel in basic and advanced bonding techniques.

He outlined the scope of the school's three bonding courses: Fidelity, suretyship and suretyship law. They aid management by training company personnel in techniques which will help them handle underwriting and other problems. The courses, which are designed to help neophytes as well as advanced personnel, are on a college level and the school's administrative staff is conferring with the New York department of education in view of becoming a degree-granting institution, he added.

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Standard Accident Names Two

Standard Accident has appointed Robert A. Woolley, formerly claims representative in charge of the Miami office, as home office claims supervisor. He will be succeeded by Wilbur D. Bollinger, who has been claim manager at Cincinnati. Mr. Woolley joined the company in 1947 as claim representative at Detroit. Mr. Bollinger joined the company in 1938 as claim adjuster in Detroit and was named manager of the Cincinnati claim department a year later.

—

Home F. & M. Declares Dividend

Home Fire & Marine has declared a quarterly dividend of 40 cents per share on capital stock, payable Dec. 15, to stock of record Dec. 10.

Robert Faegre, Minnesota and Ontario Paper Co., has been elected a director of Employers Mutuals of Wausau. Mr. Faegre is also a director of Northwestern National Life.

Pacific Board Gives Activities Report

Reports of extensive educational activities and progress on expense-cutting programs were among the major items presented at the semi-annual meeting at San Mateo.

President E. E. Erickson, Reliance, described the four-months education program which preceded the Oct. 1 form and rate revisions. Board representatives spoke before more than 5,000 producers and field men in the eight western states.

Expense-cutting programs, particularly the renewal request form introduced by the board this year, received comment from both Mr. Erickson and William B. Miller, chairman of the expense committee and vice-president of American. Mr. Miller devoted most of his report to this new form. He said that 1½ million copies have already been distributed nationally, "proving that this pre-renewal solicitation device is a success." He summarized the virtues of the program: "The reduction of expenses for companies and producers, the improvement of credit, the improvement of producer sales techniques, and the availability of more producer time for new sales."

Describes Protection Reports

A. J. Stocklmier, chairman of the governing committee and vice-president of London & Lancashire, described the engineering department's municipal protection reports. These engineering reports, concerned with improving fire underwriting, are now being prepared.

In his public relations committee report, R. D. Brumbaugh, chairman of the committee and secretary of Royal-Globe, revealed that the board is now working on a television program which will be ready for presentation in coming months. As a major project for the year, this committee will study the current sales techniques of the business with a view to devising a definitive and creative selling program which competes with non-American agency system selling.

The report of the actuarial and research committee was presented by Walter W. White Jr., Aetna Casualty.

Cubbedge Heads NAIA Property-Casualty Unit

National Assn. of Insurance Agents has appointed Cooper H. Cubbedge of Jacksonville chairman of a special committee on property-casualty group insurance.

Mich. Agents Withdraw Objections To Filings

In a special bulletin to the membership, the state national director of Michigan Assn. of Insurance Agents has announced that the association withdrew previous objections to minor rate revisions filed by National Bureau of Casualty Underwriters and National Automobile Underwriters Assn. The rate revisions were approved by the Michigan department.

The Michigan Association dropped its opposition when the bureaus filed with the department a statement admitting they did "not have jurisdiction over commissions paid by companies to producers." According to the bureau statement, "this remains, as heretofore, a matter of private contract between each company and its agents . . . The proposed amendment in the total production cost allowance from 25% to 20% has no direct bearing on the amount of commission to be paid by individual companies to their producers."

The production cost allowance provision in the filing has stirred controversy and even litigation in some states, but the association bulletin noted with satisfaction that "your association has accomplished what it thought was necessary. To this end, your companies, through their bureaus, have cooperated. Our objective has been attained without intimidation, litigation or threats of anti-trust involvement."

The bulletin went on to say the bureaus' clarification statement indicated they "have not requested or even suggested that commissions should be revised in any fashion. The 5% is an average devised for rating purposes involving a cost production allowance which includes expenses other than commissions. The insurance department has not required, approved or condoned any reduction in agents' commissions. The department, as with the rating bureaus, has disclaimed any jurisdiction over agents' commissions.

"Some companies may wish to revise their agreements with marginal or submarginal agents only, possibly even improving financial arrangements with effective producers; other companies may elect to absorb the production cost allowance charge themselves; still others may choose to revise all current agreements. This represents no departure from privileges and practices that have prevailed for years. Any inference that rating bureaus or insurance departments could or should regulate agents' commissions has been eliminated."

Personality Photos From Miami Beach Meeting Of NAII By Guy Fergason Of Fergason Personnel

James Cage of Textile of North Carolina at the NAII meeting with Sen. Jarrard Secrest of Texas, a speaker on the NAII program and the sponsor of the flexible rate bill in the Texas legislatture.

Robert Syfert, chief of the rating section of the Ohio department; William Rodda, secretary of Transportation Insurance Rating Bureau, and C. O. Shaver of Nationwide Mutual.

Cross section of NAII membership at the Miami Beach meeting: From the left, John Carton of Wolverine of Battle Creek, Thomas C. Morrill of State Farm Mutual Auto, Neville Pilling of Zurich, and George Kline of Allstate.

Mr. and Mrs. William Ritter and Mr. and Mrs. Levering Cartwright at the NAII meeting. Mr. Ritter is president of Preferred Risk of Arkansas and Mr. Cartwright is president of Cartwright, Valleau & Co., investment securities brokers of Chicago.

Wendell Howard (right) president of Kentucky Farm Bureau Mutual and outgoing president of NAII, receiving a plaque for distinguished service from another NAII past president, William Searl of Auto-Owners of Lansing.

NAII General Manager With New And Old Presidents

Preston Estep of Transit Casualty, the new president of NAII, with the association's general manager, Vestal Lemmon, and the outgoing president, Wendell Howard of Kentucky Farm Bureau Mutual.

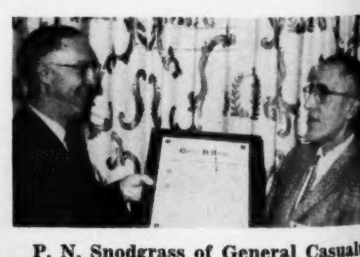
Harold Leonhart of W. Harold Leonhart & Co. of Baltimore with J. A. Munro of Prudential of Great Britain.

Francis R. Smith, the reelected commissioner of Pennsylvania, with Oliver P. Bennett of Iowa and Spaulding Southhall, assistant general manager of NAII.

R. G. Jamieson of Detroit Automobile Inter-Insurance Exchange; Alden Macomber of California State Auto, and Carl F. Wymore of Employers Reinsurance.

From Booth, Potter, Seal & Co. of Philadelphia: Allan Griffin and Frank Weiss.

Henry Moser of Allstate, Commissioner Joe Hunt of Oklahoma, and Sen. Joseph C. O'Mahoney of Wyoming.



P. N. Snodgrass of General Casualty of Wisconsin, past president of NAII, presents an award for distinguished service to Clarence Kenney of Allstate. Mr. Kenney is retiring from active participation as an NAII official.

Mutuals Deal With Aspects Of The Auto Problem

(CONTINUED FROM PAGE 2)

and accidents compared with mileage do not show the costs incurred by insurers in settling claims.

A decrease in traffic deaths does not mean a decrease in traffic accidents, and a decrease in both does not reduce insurer underwriting losses.

Contrary to public belief, in recent years there have been many decreases in rates as well as increases in the automobile liability field, and in all cases the revisions have been conservative, as evidenced by the fact that loss levels have been caught up in the inflationary spiral.

Experimentation which led to present rating systems may be expected to continue in the unending search for reasonable and equitable means to distinguish between the accident-free driver and his less fortunate contemporary, Mr. Muir believes. While progress has been made in the past quarter century, there is still a public demand to find further solutions to the problem. This is an opportunity for underwriters and technicians to display their resourcefulness and accomplish what the business must achieve. The business is obligated to advance new techniques and procedures in a realistic approach to problems untouched by rate making methods now employed.

Electronic equipment eventually should facilitate and expedite rate making operations, he said. It should offer means to schedule rate reviews at predetermined intervals with more mature experience which can be projected with a high degree of accuracy to moving periods of loss levels. Cooperation between insurance departments and the business can help promote accurate territorial designations.

To meet rate law standards rate making must take into account the latest available significant statistics, interpret them properly, recognize the economic cycle through which the industry is passing, and provide a level of rates that will reflect conditions existing during the period the rates will be in force. The fact that the usual official statistics lag behind the current movement of the loss level must be taken into account, and methods adopted to bridge the gap. Among the steps his bureau has taken to keep up with current problems, Mr. Muir said rate making experience now is being compiled on a calendar-accident year basis instead of a policy-year basis as in the past, through use of highspeed data processing machines. This identifies trends within the experience period more readily, permits more weight to be given to current experience, and has other advantages.

Methods to provide use of trend factors have been developed, Mr. Muir added. Development of incurred losses is playing a more important part in auto rate making procedures. The general trend toward statutory limits of 10/20 for BI is leading to consideration of need to substitute these figures for the 5/10 BI coverage on which printed manual rates now are based. Use of complete assigned risk plan experience in rate making is being considered. In the past assigned risks which paid surcharge rates were not included in rate making statistics.

If insurance companies can achieve such wide sale of automobile insurance that almost every driver has it, Mr. Wise said, a serious problem arises. The more nearly universal insurance becomes the less insurers can select policyholders. Acceptance of bad risks means more outlay for claims and higher rates. In such a situation insurers either must get higher rates, or the factors responsible for rate increases must be eliminated.

Need for more income to meet costs cannot be eliminated by a simple legislative enactment, he declared. It has to be done by developing proper safety procedures that will take undesirable drivers off the highways. Public officials and the public itself must realize that if they want the problem solved through an increase in the number of insured motorists they must either rid the highways of undesirable drivers, or they must realize that the motoring public will have to pay more for automobile insurance to take care of the undesirable risks.

Dr. Zeisel, who is a director of the continuing study of the American jury system being conducted by University of Chicago, reported that awards in negligence cases are some 10% higher in the east and on the Pacific coast than the national average, upon the basis of an analysis of a great number of cases. "In the south and midwest they tend to be some 10% lower than the national average. And there is a 10-point difference between the large and small cities in the regional areas. Judges who are trying cases without a jury tend to give about 20% less in the individual award than juries do, even though judges agree in about 80% of cases as to which party is in the right."

General Agents Should Be Paid For Detail

(CONTINUED FROM PAGE 18)

50 cent items and increasing by $1.00 the premium carrying 51 cent items. The same applies with original gross premiums for endorsements and cancellations. Reinsurance transactions involving individual company additional or return premiums of $2.50 or less should be waived and not reported, irrespective of the aggregate amount. Cost of processing such items far exceeds the amount involved and will balance out in time.

No Two Cards Uniform

No two bordereau forms or cards are uniform as to data sequence as a result of companies' peculiarities. Why cannot a bordereau form and card be developed for use by everyone? The cards could then be shipped to company home offices for use by their statistical departments and obviate duplicating expense of punching new cards from the bordereau. The general agent could purchase his forms from a central source at a material saving.

The subject of expense is of paramount importance to both the general agent and his companies Elimination of so much unnecessary detail, duplicating, absence of uniformity, etc., is a subject that should be given most serious consideration in reducing the heavy expense ratio which will certainly be questioned at the forthcoming senate investigation of our business.

Campbell, Long At K.C. With Hartford Fire, Retires

Howard Campbell, engineer and special agent of Hartford Fire in the Kansas City area since 1935, has retired. He began in insurance in 1904 as an engineer with Kansas Inspection Bureau. He is best known for his interest in business interruption insurance. His book, "Use & Occupancy Simplified," was used by Insurance Institute.

Mr. Campbell is a life member of Blue Goose.

Two Parts Of Reducing Losses Are Shown

(CONTINUED FROM PAGE 10)

ance manager, since the premium his company pays is in direct proportion to the losses, he said.

On the second aspect of loss prevention—cost control, Mr. Bowman said that despite the best prevention efforts, accidents will happen. It is then that various cost control factors become important. For example, most states now have second injury funds. In this connection he told of insured who hires a man who has lost parts of three fingers on his right hand. In the course of employment he loses the remaining fingers. If insured does not have medical evidence that this employe was missing some fingers when he was hired, insured will have to bear the cost for the loss of the entire hand, not just that portion of the loss which occurred in the plant, Mr. Bowman emphasized.

Accident handling in a plant is important, he continued. There should be trained first-aiders or a nurse available. Doctor bills should be in line, and should be controlled, for all these factors have a very definite effect on costs. Another condition of major concern is noise, he said. Noisy operations can lead to claims for industrial loss of hearing. Insured should have evidence of how noisy operations are and how much hearing the employe had when hired.

While insurance managers seldom can take direct action on any of these problems, they can point out to the proper executives where savings are available.

The field of insurance is constantly broadening and becoming more complicated and more expensive, he noted. Benefits continue to rise, jury awards are tremendous, and retirement and employe benefit plans all involve the insurance manager. As the insurance bill rises, so does the importance of the person who is responsible for it. If he is to discharge his duties in risk management, loss prevention must be considered as part and parcel of the job, Mr. Bowman concluded.

Competition Is Main Topic Of Discussion At Annual NAII Convention In Miami Beach

(CONTINUED FROM PAGE 1)

bleau Hotel, headquarters for the meeting, and reportedly invited a half dozen or so company executives to his parlor, one at a time, for discussion of the further activities of the O'Mahoney body.

Sen. O'Mahoney himself was the big drawing card of the convention, but he failed to do anymore than puzzle his listeners. Details of his remarks were reported last week.

Estep Succeeds Howard

Preston Estep, president of Transit Casualty of St. Louis, was elected the new president NAII, succeeding Wendell Howard of Kentucky Farm Bureau Mutual. Mr. Estep also becomes chairman of the board of governors, the 16-man policy making body of NAII. He has been active in NAII affairs during the seven years Transit Casualty has held membership. He has been with Transit Casualty since 1945 and before that was chief counsel of the Missouri department.

As many insurance transactions occur at the NAII annual meeting as at any in the country. With a large attendance, in the vicinity of 900, at Miami Beach, issues of the day came in for a thorough discussion, but the principal topics of conversation were the astonishing remarks of Sen. O'Mahoney after he finished his prepared address and the more immediate problem of getting home for Thanksgiving in spite of the strike of Eastern Airlines employes. Many of the registrants were obliged to miss sessions while they spent hours trying to make sure of transportation back home.

Note Diversity Of Interests

The diversity of interest in the NAII membership—stock, mutual, reciprocal, and agency and direct writer—almost guarantees that on any given issue there will be dissenters. That fact, however, actually has in a sense helped the NAII representatives when they speak for the association, because it is imperative that careful thought go into the position taken.

At the executive session and election, it is reported some of the members asked for clarification on one or two points, and the question was raised of whether larger companies exercise undo influence. This was threshed out in some detail; so much in fact that the discussion ran dangerously close to the starting of the cocktail party, but those members not clear on these points got a better understanding, and a satisfactory one, of the NAII setup and procedure.

One of the big events of the meeting was a full scale exposition of the industry solution to the problem of the uninsured motorist that was developed by NAII, American Mutual Insurance Alliance and Assn. of Casualty & Surety Companies. John H. Carton, president of Wolverine, was moderator. It was explained earlier in the program that Mr. Carton is the father of the plan, he being the one who got the companies together from each of the associations to work out their differences.

Mr. Carton totted up the arguments against the experiments of compulsory insurance, statutory uninsured motorist coverage and the unsatisfied judgment funds. He commented that the inability of the business to show that the industry had a program of its own as an alternative to compulsory has been fatal in dealing with legislatures.

The proposed program, Mr. Carton admitted, is not new. There is nothing about it that is dramatic but it offers something which can be accomplished and it can return the industry to the initiative in dealing with legislatures and public opinion on the score of the uninsured motorist.

Three companies representing each of the associations formulated the plan, Mr. Carton said, with State Farm, Allstate and Zurich for NAII; Employers Liability, Hartford Accident, Aetna Casualty (later Indemnity of North America) for Assn. of Casualty & Surety Companies; and Hardware Mutual Casualty, Liberty Mutual and Lumbermens Mutual Casualty for AMIA.

Explanations of the three facets of the program were given by Arthur Mertz, counsel of NAII (financial responsibility laws), George Kline of Allstate (uninsured motorist endorsements), and Thomas C. Morrill of State Farm (safety). Neville Pilling of Zurich rounded up the discussion.

Each of the speakers went over in detail the program as it was outlined in the Nov. 21 issue of THE NATIONAL UNDERWRITER. Of special interest were the remarks of Mr. Kline, who said his company has had success in

"rolling-on" the UM endorsement. This consists of adding the endorsement to the coverage and giving the policyholder the option to reject it. This has proved nearly 100% successful, he said, and overcomes the inertia of the public when offered the insurance but with the requirement that a form be filled out and the additional premium added to the basic premium.

Mr. Kline's point was that if the industry were to adopt the program, the most effective and efficient means of insuring the most persons with an uninsured motorist coverage would be to add it to their policies on renewal with the policyholder having the chance to refuse. This idea hit a snag when it was learned that one of the commissioners attending the meeting had serious doubts that this is the way to approach the matter, his position being that the insurance contract must consist of an offer and an acceptance, not a sale with the option of refusal. This sideline of the matter, however, did not become known until later.

In his roundup, Mr. Pilling observed that UM could easily fail as a solution if it is not incorporated in the full program of safety and financial responsibility. He called on the companies to unite in putting the program across, noting that it took moral stamina to develop a plan with no more than ordinary materials.

The NAII meeting received, for an insurance gathering, an unusual amount of newspaper, radio and television attention in Miami and Miami Beach. One of the reasons was that a leading Miami newspaper has been conducting a strenuous campaign against the NACCA activities which have run up the insurance rates in Dade county by making a federal case out of every crumpled fender. Some excellent fodder for this argument was provided in the talk of Welcome D. Pierson of Oklahoma City, editor of the Defense Law Journal, the counterpart publication to the NACCA Law Journal.

Tries For Same Dissemination

Mr. Pierson is making an effort to give his publication the same dissemination that the NACCAs are receiving with theirs. In his description of the NACCA activities, Mr. Pierson employed phrases right up the alley of the daily newspapers, describing one of the functions of NACCA as the maintenance of a department for the purpose of furnishing expert witnesses, doctors, engineers, actuaries and other experts who travel around testifying for NACCA lawyers in negligence trials.

It was proposed by some of the NACCA members a few years ago that an "Oscar" be presented to the lawyer who secured the largest award in a personal injury action during the preceding year, Mr. Pierson said. This idea was dismissed as absurd, but the fact was that it represented the thinking of a number of NACCA attorneys.

He accused the NACCA Law Journal of reporting awards based on newspaper clippings, or on cases later reversed or settled for less than the law journal report. Even so, the NACCA publication is used as authority for supporting higher verdicts in a number of courts.

Three Discuss Competition

Competition as a subject was taken up by three of the speakers in succession—Dr. Alfred C. Neal, president of the Committee for Economic Development; Texas Sen. Jarrard Secrest, and Commissioner Paul Hammel of Nevada.

Mr. Neal gave a talk on "New Challenges to the Private Enterprise System," and Sen. Secrest, the author of the flexible rate bill that was introduced in the last legislative session, discussed some of the aspects of that situation, saying that while Texans pride themselves on advocating state's rights and local autonomy, in the automobile and casualty insurance fields they have regimented industry at a cost of millions of dollars annually and have "practically invited the federal government to withdraw the privilege of state regulation when we cast aside the congressional mandate of competition and submerge the public interest to a system of enforced uniform rate structures to support, among other things, costly business methods." He went on to say that when the uniform rate laws were first passed they included professional liability clauses that were so obnoxious to the medical profession that the doctors rebelled and by effective lobbying persuaded the state legislature overwhelmingly to vote an exemption of doctors from the bill.

An optimistic note on the competitive situation under state regulation was sounded by Commissioner Paul A. Hammel of Nevada, vice-president of NAIC.

No Regulation Might Be Unhealthy

Obviously, Mr. Hammel said, unregulated competition in an industry holding billions of dollars of the public's money in trust, could become unhealthy. Competition alone is not enough to guarantee the public good—there must be some form of regulation. But, the commissioner admitted, too much regulation, ending in the easy remedies of uniform rates and policies, would not be conducive to healthy competition.

A great deal has been said about the danger of uniformity in rates and policies which would destroy all competition, pointing to the need for a distinction made between uniformity and cooperation, he said.

It is a strange thing, Mr. Hammel commented, that the danger of subjecting insurance to government paternalism comes both from the strongest advocates of federalism and some of its strongest critics. On one hand there are bureaucrats who are convinced that they can run any industry better from a Washington office than the members of the industry itself. On the other hand, are those who are so antagonistic to the competitive ideal—so fearful of the requirements of a competitive system—that they would pull the house down around their own heads by continually hewing away at the state legislatures in an effort to establish uniform rates and policies.

"Fortunately, these people have not been very successful," he said. "But such limited success as they have had has already compelled Congress to take a long hard look at the insurance industry, with an eye to protecting the public from further danger of monopoly.

"I am convinced that when we have been given an opportunity to tell the full story of progress under Public Law 15, Congress will be pleased to find our successes are so numerous and so impressive, that the occasional failures are minute in comparison," he added.

Mr. Hammel used figures from his own state to support his contention of competitive progress:

Out of 286 companies licensed to write automobile insurance in Nevada, 242 are currently doing so. Out of the 242 companies currently writing auto insurance, 191 are members or subscribers to one or more of three rating organizations, and 51 file their own rates, either in their entirety or in part. These 51 independent companies constitute approximately 20% of the total number of companies writing auto in Nevada, and they write over 40% of the premium volume. Ten years ago the organization or bureau companies wrote 90% of the automobile business in Nevada. Today, they are writing less than 60%.

Gives Additional Statistics

There are 228 companies authorized to write fire insurance in Nevada. Out of the 228, there are 198 who are members, subscribers or partial subscribers to the fire rating bureau, while 15 companies file their own rates. From the 198 companies who are members or subscribers to the fire rating bureau, there are 77 deviations in effect.

There is no community of any size in Nevada, he added, where the public cannot buy insurance from either a stock or a mutual whose rates are set by an authorized rating organization, from a stock or mutual which establishes its own rates, or from a reciprocal. Also, for the hard to place risk, every community of 1,000 or more people has a licensed surplus lines broker, who can go to the unadmitted market to provide coverage, if necessary.

Says Situation Is National

"What has happened in Nevada has also happened on a much larger scale throughout the rest of the country," he declared. "Competition does exist in the insurance business in my state, and I sincerely believe it does exist in every other state in the union."

A detailed review of the thinking of Nationwide Mutual in adopting its alternative compensation coverage, and the results under it, were given by P. L. Thornbury, Nationwide Mutual's vice-president and general counsel.

A panel appraising the package policy concept consisted of Gordon H. Sweany of General of Seattle; William H. Rodda of Transportation Insurance Rating Bureau, and Robert K. Syfert of the Ohio department. The final items on the program were talks on traffic safety by A. E. Spottke of Allstate and William G. Johnson of the National Safety Council.

Entertainment features consisted of

a banquet the first evening and a cocktail hour the second. The banquet was followed with an evening of entertainment. In the semi-entertainment actegory was a talk by Tom Collins who gave an inspirational speech. This was Mr. Collins' third appearance at NAII meetings.

The newly elected vice-presidents of NAII are: Paul E. Edwards of Southern Farm Bureau Casualty; T. F. Shortall of Emmco; Dwight C. Perkins of Farmers Mutual of Nebraska; P. N. Snodgrass of General Casualty of Madison; A. R. Nelson of Hawkeye-Security, and J. M. Silvey of MFA Mutual.

The board of governors, the policy-making body of NAII, consists of Robert B. Goode of Allied Mutual Casualty, C. W. Leftwich ,Nationwide Mutual; L. F. Miller of Zurich; H. E. Curry of State Farm Mutual; Preston Estep of Transit Casualty, William C. Searl of Auto-Owners, David Green of Motor Club of America, Walter L. Hays of American Fire & Casualty, Paul R. Erickson of Detroit Auto Club, W. E. McKee of State Auto, C. E. Cheever of United Services Auto, W. A. Brooks of Oregon Auto, I. J. Maurer of Farmers Mutual Auto of Madison, Ward Wright of Kansas Farm Bureau, and Wendell Howard of Kentucky Farm Bureau Mutual.

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Hold NAIIA Regional

The proposed uniform method of cost accounting was presented at the Missouri Valley regional meeting of National Assn. of Independent Insurance Adjusters in Des Moines. W. E. Condray, St. Louis, NAIIA regional vice-president, discussed the accounting procedures.

H. L. Eddy, Wichita, described the educational seminars being held by Kansas Claims Assn. in conjunction with Kansas University extension division.

On hand from the National association were Robert D. Batjer, Abilene, Tex., president; Benjamin Horton, Louisville, 1st vice-president, and Ray L. Lynch, Springfield, Ill., secretary-treasurer.

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Roy Ashton, who retired not long ago from the Leedom, O'Conner & Noyes agency of Milwaukee and has been living in Phoenix, has been appointed manager of a general insurance agency which has been opened in Phoenix by Meigs & Cope agency of Milwaukee. For a number of years before his retirement, Mr. Ashton was prominent as an officer of Wisconsin Assn. of Insurance Agents.

Water, Pet Damage Removed From PPF

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tional cover on unscheduled property is applicable.

The new deferred premium payment plan, which applies generally to inland marine lines subject to term discounts, is the one developed by Pacific Fire Rating Bureau, and which now is being used for fire in that territory and in Virginia. It has been adapted to the inland marine lines.

The new payment plan starts with a three year rate, rather than the annual rate as was the case under previous installment payment rules. The three year rate is multiplied by 35. The result becomes the annual deferred payment plan rate used for all premium calculations, whether at commencement of the policy or during the term in case of changes in the schedule or amount of insurance or cancellation by the company. If coverage is canceled by insured, retained or earned premium is calculated in accord with established and approved short rate rules.

The plan greatly simplifies all calculations and is expected to be much easier and less time consuming for agents as well as insurers. The total term premium never is other than the product of three factors, the deferred premium payment annual rate, amount of insurance and number of years in the term. There are no term multiple factors, loadings or interest, installment or collection charges to be cranked in.

Objections Are Offset

The one or two objectionable features such as failure to get a full annual premium at inception are more than offset by the plan's simplification of procedures and its savings in expense.

Flood and water perils no longer will be covered at premises owned, rented, occupied or controlled by insured. The policy will continue to cover such perils elsewhere. Pets are defined as birds or animals—in case some insured claims the thing wasn't a pet. Losses caused by them are controllable to insured and usually are not of a fortuitous nature, according to IMIB.

Elimination of water and pet damage is expected to enable IMIB to avoid rate increases in the PPF for the next 12 months, barring unforeseen calamities.

The changes were announced to the insurance press at a luncheon at India House, New York, at which Harold L. Wayne, general manager, and Joseph G. Bill, assistant general manager, were hosts.

Day Analyzes Assigned Risk Problem; Advocates Rating As A Separate Class

(CONTINUED FROM PAGE 2)

has formally approved such a move in preference to uniform rates. Correcting the rate problem through surcharges is difficult because the entire business must approve a surcharge change before it can be effective.

Uniform rates are not very practical, he said. They are in effect in Wisconsin, where the law makes them possible. But in Maryland, where the department sought vigorously to put them into effect, refusal of one independent insurer stymied the effort.

There the plan was to start with assigned risks at 25% above the applicable rates of National Bureau of Casualty Underwriters and then let these risks develop their own experience.

Adequacy of assigned risk rates has been the subject of concern and study since the first plan was created in 1937, Mr. Day observed. It was foreseen then that business which was not handled with freedom to select and retain would develop higher loss ratios than business carefully underwritten. Developments have amply confirmed that opinion.

There was no way of knowing then what levels actual loss ratios would reach, but it was felt the entire premium dollar would probably be required. Since the business was affording facilities to risks which were definitely undesirable and in many cases almost uninsurable, the business felt it could not afford to pay any acquisition allowances out of the premium dollar. As a result the practice arose of applying an additional charge to the premium for commissions, field supervision and taxes.

That practice has continued ever since, except for the clean risk.

Marketing Problem Has Grown

In the early years of the plans there was a marketing problem only with the risk with a bad accident or conviction record. Letters of rejection were required and insurers were given reasonable time to investigate applicants for insurance. Although loss ratios were rising almost constantly, the ratio of assigned business to total was small. Consequently, rate inadequacies were not of so much concern. Insurers, however, were constantly seeking ways and means of demonstrating that applicants were not in good faith entitled to insurance, in order to avoid assignment. Cancellation action was frequently employed whenever there was evidence that risks were no longer in good faith entitled to insurance. Many insurers sought to avoid assignments for various reasons. They would not write certain classes as voluntary business, or provide service. These things were done primarily because the underwriters could not bring themselves to accept the assigned risk concept and did so reluctantly only in those cases where the risks fell clearly within the limits of the plan.

They were aware of the loss ratios this business was developing, and if only to such risks it might help produce slightly better underwriting results.

Many Changes In Plans

Things now are much different, Mr. Day observed. The plans have been changed to make them function more rapidly and efficiently. Letters of rejection have been eliminated. Immediate coverage rules exist. In three states the certificates required for motor vehicle registration are executed by the plans and given to the applicants at the time of assignment. Risks without records of accidents or convictions can apply for insurance and not have to pay higher than manual rates.

Some classifications have limited markets and are subject to company investigation prior to acceptance. In times of rate stress such as now the market is further tightened so that the plans become a convenient and desirable haven for risks in those classes.

The volume of assigned risk business continues to increase, and the loss ratios are getting higher with each passing year. The problem is how to (1) reduce the volume of business in the plans, and (2) how to get an answer to the rate problem.

Mr. Day sees little possibility of their rate of growth subsiding. There is increasing pressure for a plan with a single eligibility requirement, possession of a valid driver's license. This is so in a few states now, and with the trend toward tighter FR laws, such pressure will increase.

Still Have Same Intent

It is frequently said that the plans have far exceeded their original intent. But Mr. Day pointed out that it was always the intent to make insurance available to eligible applicants. The difference is just that there are unexpectedly large numbers of applicants to the plans. The plans have become the only sure and rapid way of securing insurance for many applicants.

Not only does the plan afford insurance almost on the spot, but its other provisions safeguard the risks against cancellation for reasons oth-

r than eligibility and non-payment. Except for these things and one or two others, risks assigned under the plan are the beneficiaries of noncancellable insurance. All of these things have vitally affected the size of the plans. They have all operated in the public interest to such a degree that there is little chance of tightening up existing procedures. The trend is toward further liberalization.

There is no question about assigned risks being a separate and distinct class in every respect, Mr. Day declared. Even though there are several hundred insurers whose types of operation vary from independent action to operations through rating bureaus, they all do the same thing when it comes to assigned risks. They forego their normal underwriting prerogatives, and they conform to the same handling procedures as to policy issuance both new and renewal and to the same rules of cancellation. Rates of commission are the same. This is the result of voluntary action to make insurance available to eligible applicants in the public interest. Is it any wonder that assigned risk business is productive of high loss ratios? The loss ratios produced by assigned risks are powerful evidence of the value of underwriting—they show unmistakably what happens when business is not underwritten.

Have To Be Separate Class

Therefore Mr. Day is firmly convinced that until assigned risks are fully recognized as the separate class, which they actually are, the matter of adequate rates cannot be solved.

Historically, all corrective efforts to improve assigned risk plan loss ratios have been through changes in surcharges. These efforts have proved unsatisfactory. With clean risks the surcharge area is so reduced as to apply to only about half the assigned business.

When the uniform assigned risk plan was introduced in 1947 an attempt was made to apply a flat surcharge of 25% to all private passenger car risks. This met with such resistance as to prevent the rules from going into effect except in a very few states.

The result was that the former charges were continued for most risks with the higher surcharge of 25% applicable to the risk with major convictions, or the risk subject to FR laws. This produced a few more dollars.

Need Better Definition

It was apparent that the attempts being made might have more chance of success if a satisfactory definition of the term "assigned risk" could be developed. But a definition was not feasible. Now this is important.

The next action on surcharges was with respect to the clean risk. The insurance market was tight and there was strong objection to applying any surcharge to such a risk. After long discussion, it was agreed that the risk without accidents or convictions would not be subject to surcharge. Loss ratios in that period were not going down, and the effect of the action on clean risks was to reduce the over-all premium of insurers. But it was argued that these risks would have better experience and improve the over-all loss ratios.

This did not prove to be the case, when the experience for policy year 1952 was compiled for New York showed that the experience of the clean risks was as bad as or worse than the surcharged business on a manual level. Similar exhibits have now been worked up for a few other states, and the indications are all the same.

As a result of the continuing adverse loss ratios, National Bureau and Mutual Insurance Rating Bureau in 1956 agreed to file a manual rule, the effect of which was to set up a surcharge of 25% on all risks, similar to the present manual rule with respect to FR surcharges. That action did not get a favorable reception. The unfavorable reception caused the withdrawal of the filings. But, he said, the matter led at least to the increase in surcharges to the present levels.

To improve assigned risk loss ratios, the national advisory committee on the uniform automobile risk plan recently urged that because of the unfavorable loss ratios in some of the states, insurance representatives on governing committees should make every effort to secure approval of a flat surcharge on all risks or higher surcharges on presently surcharged risks.

Surcharges Under Attack

The surcharges have been under still further attack. The theory now is advanced that surcharges for accidents should be applicable only in cases of fault, an almost impossible thing to prove. One state has taken the position that surcharges can only be applied in cases of fault. Florida has "fault provision" in its financial responsibility law. But here the business has developed a system under which it can live which provides for the surcharge to be made. If subsequently the risk is found not to be at fault by public authority the surcharge will be returned. In New York in individual cases the department has taken the position that where the risk was not found to be at fault, no surcharge was applicable.

Recently, the New York department submitted a list of amendments to the assigned risk plan, some of which affect the rates section. They materially limit the area of application of existing surcharges by having the surcharge for minor convictions apply to more than one conviction, and the surcharges for major convictions to apply to more than two convictions. In spite of the experience and the obviously unfavorable loss ratios of the clean risks, the department offered no relief whatsoever. Instead, the amendments would expand the area of clean risks still further, and in addition reduce the area of application for the higher surcharges. This could have only one result, higher loss ratios and still further underwriting losses on assigned risks. At the same time, amendments by the department would materially broaden the assigned risk plan. For example, insurers would have to give what excess limits the risk wanted to buy.

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Cotton Service Unit Elects

Cotton Warehouse Inspection Service at its annual meeting in New York elected William A. Bonner, Chubb & Son; G. Doane McCarthy Jr., Fireman's Fund; W. Irving Plitt, Atlantic Mutual; and Frank B. Zeller, Royal-Globe, to the executive committee. John B. Ricker Jr., manager of Cotton Fire & Marine Underwriters, Memphis, was named chairman.

Duane E. Baker is manager, Edward R. King secretary; Romer F. Weyant treasurer, and Carroll W. Dawson assistant secretary.